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1938-1945

**NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
1938-1945**



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NATIONAL ACCOUNTS INCOME AND EXPENDITURE 1938-1945

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Minister of Trade and Commerce*

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NOTE.—This publication supersedes the one issued in limited quantity as a reference book for the Dominion-Provincial Conference on Reconstruction, November 26, 1945. It will be noted that minor revisions have been made.

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INTRODUCTION

In recent years there has been increasing realization that national accounts, a set of accounts for the whole economy, can be a most important tool in the development of economic policy. Problems involved in the planning of a maximum war effort have emphasized the need for knowledge of the size, structure and distribution of the national income; and of the distribution of national expenditure—as between different sectors of the economy, as between consumption and investment, and as between war and non-war. Planning for full-employment and social security in the post-war period now requires similar information.

The usefulness of comprehensive studies in this field is by no means confined to government alone, for similar needs have been expressed on many sides. With the growing complexity of business problems, data on national income and expenditure will facilitate the study of markets, the structure of costs, the relationships of firm to industry and of particular industries to the economy as a whole.

The urgency of these needs led the Dominion Bureau of Statistics in 1944 to begin the preparation of a new set of national accounts, comprising in the first instance estimates of gross national product and national expenditure as well as of net national income and personal income payments, later to be expanded into other detailed accounts. These are presented now in the form of balancing accounts for the country as a whole.

In September, 1944, a series of meetings took place in Washington with a view to attaining a greater degree of comparability in the national income estimates of the United Kingdom, the United States, and Canada. These meetings were attended by the late Mr. George Luxton, then Senior Economic Statistician, Dominion Bureau of Statistics. The Bureau has been guided as far as possible by the conclusions reached in Washington at that time.

This publication is the first of a series on national accounts to be published by the Dominion Bureau of Statistics. The materials contained herein were issued in preliminary form in November, 1945, as a reference book for the Dominion-Provincial Conference on Reconstruction. Some revisions have been made in the text and figures, together with necessary corrections.

Because of the length of time involved in the publication of certain statistics contained in the national accounts, it is not possible to publish final estimates until about a year and a half after the close of a given year. For example, the accounts for 1945 cannot be published in final form until the middle of 1947. Preliminary

estimates, with a fair degree of accuracy, can be published very promptly after the close of a year. In the final estimates published by the Dominion Bureau of Statistics an attempt is made to utilize available statistics in the most accurate manner possible, but even these estimates will be subject to periodic revision. From time to time new and improved statistical sources will become available and as such opportunities arise the Bureau will review the series of national accounts over a period of past years. Revisions of this latter type are unlikely to make any great difference in the year to year changes of totals such as gross national product.

The present study of national accounts has received benefit from the advice of the Sub-Committee on National Income under the Inter-departmental Committee on Financial Arrangements of the Conference. The members of this committee include: Miss Agatha Chapman, Mr. J. R. Beattie, and Mr. Walter Duffett (of the Bank of Canada); Dr. O. J. Firestone and Mr. M. C. Urquhart (of the Department of Reconstruction); Mr. Mark Sprott (of the Department of National Revenue); Mr. R. B. Bryce (of the Department of Finance); Mr. S. A. Goldberg, Mr. A. S. Abell and Mr. C. D. Blyth (of the Dominion Bureau of Statistics). Mr. Herbert Marshall is chairman, and Dr. C. M. Isbister secretary, of this committee.

The Central Research and Development Staff of the Dominion Bureau of Statistics has assumed responsibility for the field of national accounting under the direction of Dr. C. M. Isbister, Senior Economist, and Mr. Herbert Marshall, Dominion Statistician. Full acknowledgment must be given to the group of individuals in the Dominion Bureau of Statistics who have performed arduous and responsible tasks in various sections of the present estimates, including Mr. A. S. Abell, Mr. R. G. Bangs, Mr. C. L. Barber, Miss E. Ferguson, Mr. D. H. Fullerton, Mr. S. A. Goldberg, Mr. D. H. Jones, Miss K. Muttitt, Mr. S. B. Smith and Miss A. L. Chapman who has worked in the Central Research and Development Staff on loan from the Bank of Canada.

The appendix contains a memorandum on "Estimated Distribution of Income Recipients and Aggregate Income by Income Classes". This was prepared for the Department of Finance by Mr. Lawrence M. Read and is reproduced here by permission of that department. Lack of comprehensive data in this field creates basic statistical difficulties but the importance of the subject matter is felt to justify publication of the memorandum. Authorship is wholly accredited to Mr. Read and no responsibility is assumed for it by the Department of Finance or the Dominion Bureau of Statistics.

April, 1946.

CANADA

TABLE I.—NET NATIONAL INCOME AT FACTOR COST AND GROSS NATIONAL PRODUCT AT MARKET PRICES, 1938-1945
(millions of dollars)

Item No.		1938	1939	1940	1941	1942	1943	1944	Prelim. 1945
1	Salaries, wages and supplementary labour income (cf. Table III).....	2,449	2,540	2,860	3,529	4,233	4,790	4,969	5,037
2	Military pay and allowances.....	9	32	193	386	641	910	1,068	1,089
3	Investment income.....	692	782	1,110	1,518	1,765	1,809	1,785	1,811
4	Net income of individual enterprise, agricultural and other (cf. Table IV).....	790	867	949	1,081	1,638	1,560	1,863	1,690
5	NET NATIONAL INCOME AT FACTOR COST (1) + (2) + (3) + (4).....	3,940	4,221	5,112	6,514	8,277	9,069	9,685	9,627
6	Indirect taxes less subsidies.....	646	743	843	1,062	1,092	1,125	1,125	992
7	Depreciation allowances and similar business costs...	504	528	581	684	771	819	771	750
8	Residual error of estimate for reconciliation with Table II, Item 6.....	-15	+3	+92	+75	+156	+111	+190	-10
9	GROSS NATIONAL PRODUCT AT MARKET PRICES (5) + (6) + (7) + (8).....	5,075	5,495	6,628	8,335	10,296	11,124	11,771	11,359

CANADA

TABLE II.—GROSS NATIONAL EXPENDITURE AT MARKET PRICES, 1938-1945

(millions of dollars)

Item No.	—	1938	1939	1940	1941	1942	1943	1944	Prelim. 1945
1	Government expenditure on goods and services—								
	(a) War.....	37	210	826	1,952	3,585	4,407	4,542	3,726
	(b) Non-War.....	854	880	688	648	738	952	783	667
2	Gross private investment at home.....	450	705	1,004	1,122	793	304	620	746
3	Net private investment abroad*.....	18	-97	-90	-268	-175	-324	-252	-365
4	Personal expenditure on consumers' goods and services.....	3,700	3,799	4,293	4,956	5,511	5,896	6,268	6,576
5	Residual error of estimate for reconciliation with Table I, Item 9.....	+16	-2	-93	-75	-156	-111	-190	+9
6	GROSS NATIONAL EXPENDITURE AT MARKET PRICES (1) + (2) + (3) + (4) + (5).....	5,075	5,495	6,628	8,335	10,296	11,124	11,771	11,359

*These figures do not correspond to the net international balance on current account, since a large portion of wartime exports is included in government expenditure in Item 1.

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TABLE III.—SALARIES, WAGES AND SUPPLEMENTARY LABOUR INCOME BY PROVINCES, 1938-1943
(millions of dollars)

Item No.	Province	1938	1939	1940	1941	1942	1943
1	Prince Edward Island.....	8	8	8	10	10	12
2	Nova Scotia.....	95	100	115	144	178	207
3	New Brunswick.....	65	67	75	90	106	120
4	Quebec.....	643	673	759	960	1,176	1,351
5	Ontario.....	1,036	1,073	1,227	1,526	1,807	2,017
6	Manitoba.....	138	142	153	180	201	219
7	Saskatchewan.....	98	101	109	123	136	149
8	Alberta.....	124	130	142	169	188	212
9	British Columbia.....	239	243	269	323	427	499
10	Yukon and Northwest Territories.....	3	3	3	4	4	4
11	Canada (equal to Table I, Item 1).....	2,449	2,540	2,860	3,529	4,233	4,790

TABLE IV.—NET INCOME OF INDIVIDUAL ENTERPRISE, BY PROVINCES, 1938-1943*

(millions of dollars)

Item No.	Province	1938	1939	1940	1941	1942	1943
1	Prince Edward Island.....	5	6	7	8	11	14
2	Nova Scotia.....	30	25	30	32	39	48
3	New Brunswick.....	17	20	23	28	36	43
4	Quebec.....	167	185	209	240	288	327
5	Ontario.....	287	287	313	393	486	493
6	Manitoba.....	57	59	67	83	137	146
7	Saskatchewan.....	62	129	121	109	315	218
8	Alberta.....	106	96	115	106	231	164
9	British Columbia.....	58	59	63	80	93	104
10	Yukon and North West Territories.....	1	1	1	2	2	3
11	Canada (equal to Table I, Item 4).....	790	867	949	1,081	1,638	1,560

* Included in this table is income of farm operators from current farm production in the amounts shown below. These figures are not to be taken as total income of persons living on farms. (See page 23.)

Item No.	Province	1938	1939	1940	1941	1942	1943
1	Prince Edward Island.....	3	4	4	5	8	10
2	Nova Scotia.....	13	9	11	10	12	17
3	New Brunswick.....	7	8	11	13	20	25
4	Quebec.....	69	82	97	112	143	178
5	Ontario.....	136	130	142	197	274	275
6	Manitoba.....	36	36	42	54	105	114
7	Saskatchewan.....	44	110	100	85	288	190
8	Alberta.....	84	72	90	78	197	129
9	British Columbia.....	16	15	16	24	31	42
10	Yukon and North West Territories.....	—	—	—	—	—	—
11	Canada.....	408	466	513	578	1,078	980

CANADA
TABLE V.—PERSONAL INCOME PAYMENTS, 1938-1945
(millions of dollars)

Item No.	—	1938	1939	1940	1941	1942	1943	1944	Prelim. 1945
1	Net national income at factor cost (cf. Table I, Item 5)	3,940	4,221	5,112	6,514	8,277	9,069	9,685	9,627
2	Add: Transfer payments from governments and business to individuals.....	346	347	342	327	357	396	501	836
3	Less: Employer and employee contributions to social security and industrial pension funds.....	48	53	59	96	144	185	173	179
4	Less: Components of investment income (cf. Table I, Item 3) not paid out to individuals.....	265	344	641	1,033	1,235	1,303	1,289	1,330
5	PERSONAL INCOME PAYMENTS (1) + (2) - (3) - (4).	3,973	4,171	4,754	5,712	7,255	7,977	8,724	8,954

NOTE.—The residual error shown in Table I, Item 8, and in Table II, Item 5, has not been taken into account in Table V.

CHAPTER I

CONCEPTS OF NATIONAL ACCOUNTING

A. General Discussion:

The present statistical study is not complicated in its basic form of presentation. Perhaps most readers are conversant with standard accounting methods which register the annual operations of individual companies. Only slightly less familiar are consolidated accounts which portray the operation of related companies as if they were organized in a single enterprise. National accounting is most easily grasped as an extension of this principle of consolidation to the economic activities of the country as a whole.

Gross national product at market prices, Table I, and *gross national expenditure at market prices*, Table II, are here presented in the form of balancing accounts. They measure the same total in two different ways. *Gross national product* is defined as the value of all final goods and services produced in a given year measured by analysis of the costs involved in production. *Gross national expenditure* is defined as the value of all final goods and services measured by analysis of sales of these goods and services to all sections of the community.

Gross national product and *gross national expenditure* are thus defined as equivalent totals. If all enterprises were to publish accurate accounts on a uniform basis, the statistical totals would in fact be equal. Because these conditions are not fulfilled in practice, however, there is some discrepancy between the two sides. With reference to the overall magnitudes involved, it is interesting to note how close a balance is achieved.

An effort has been made to appraise independently each of the component items, using the best statistical data obtainable. In some items the direct statistical coverage is such as to yield results of considerable accuracy. In others, the most careful estimates have necessarily been based on partial evidence. Because heterogeneous types of industry are included and because the coverage is so broad in scope, there is in no case the dollars-and-cents precision found in the accounts of individual well-managed companies.

In the simplest possible terms, *gross national expenditure* is an evaluation of all the end products of the economic system in a given year, whether these are sold to private persons, to corporations, or to governments. These final products are made up of consumption goods and services and of capital goods, called gross investment. The latter includes changes in business inventories. *Gross national expenditure* is really an enumeration of final sales for the country as a whole. It is said to be on a consolidated basis because sales of raw materials and goods-in-process between businesses are not included. *Gross national expenditure* is designed as a comprehensive measurement of the results of productive activities generally.

National expenditure is termed "gross" because all capital goods produced are included, with no allowance for replacement of capital equipment used up in the current year's production. If national expenditure were required on a "net" basis, this could be obtained by making an appropriate deduction from the expenditure total. Such an adjustment would be extremely arbitrary since depreciation allowances cannot be assumed to correspond to actual deterioration of capital equipment.

Net private investment abroad is shown separately in Table II, Item 3, and requires special comment. The accounting problems involved in separating private from government investment are rather complicated. The general principle, however, is straightforward. Reference to a country's balance of international payments shows that in any year foreign investment is equal to the difference between credits and debits on current international account. Perhaps the most typical elements contained in these credits and debits are commodity exports and imports, respectively. When net private disinvestment is taking place, Item 3 will, of course, be negative.

It is clear that the adjustment to *gross national expenditure* made in Item 3 is equivalent to adding exports and deducting imports of goods and services. Exports financed by the government are, however, included in government expenditure, Item I. The inclusion of exports is necessary because these are final products of Canadian industry just as much as are the products sold at home. Imports, on the other hand, are deducted. Imported raw materials and semi-finished goods would not be included in any case, since this is an accounting of final products. Other imports which are capital goods or consumption goods are already included elsewhere under the relevant sales totals and need not be counted again.

Turning to the other side of these balancing accounts, *gross national product*, in Table I, is an accounting of the costs incurred in the current year's output of goods and services for the country as a whole. The total revenues from sales reported under *gross national expenditure* are here allocated to different categories of cost. *Gross national product* is also on a consolidated basis, because here again are excluded costs involved in the purchase of goods and services by one business from another.

The principal part of *gross national product* is the *net national income at factor cost*. This is shown as a sub-total in Table I, Item 5. In non-technical terms, it is the income earned by persons in productive pursuits, whether their services are rendered to business firms, to the government, or directly to the consuming public. *Net national income* includes the whole of corporate profits before taxes. These are regarded as the reward

accruing to shareholders for their services, whether they are distributed as dividends, used to cover tax payments, or retained.

Net national income is useful for analyzing the distribution of payments to factors of production, by regions and by industries. Item 1, Table I, shows the income of labour before taxes, broadly defined as *salaries, wages and supplementary labour income*. Its wartime supplement, *military pay and allowances*, is shown in Item 2. The third item, *investment income*, is the return to enterprise and capital before taxes, including interest, dividends, rent and profits. The *net income of individual enterprise* is shown separately in Item 4, because unincorporated establishments provide to their owners both salary income and investment income in amounts which are not subject to separate analysis.

In addition to *net national income* in Table I, Items 6 and 7 are required to build up to a correct total of *gross national product at market prices*. Indirect taxes are included, because from the point of view of production they are costs to be charged against the prices of goods registered in the sales total. Subsidies paid to producers by governments, on the other hand, permit production costs to run ahead of revenues from sales. They are deducted to achieve a formal balance between the two accounts. *Depreciation allowances and similar business reserves* is the final adjustment to be made. Such allowances are an essential component of total production costs entering into market prices, but they do not accrue to any factor of production.

Attention must be called to the problem of "transfer payments". These are defined as elements of personal income which are not emoluments of productive services. A good deal of what is income for the individual recipient is not properly regarded as income from the viewpoint of the country as a whole. Inter-personal transfers, such as charitable contributions, do not create a problem in the totals, because they cancel each other out. Transfer payments from governments to individuals are excluded, however, from the *net national income* and also from government expenditure. More detailed comments appear in later sections.

Difficult problems are raised in attempting to appraise the contribution made by governments to the *gross national product* and *gross national expenditure*. Government expenditures on goods and services are made for the benefit of the population at large, but government services are not usually sold on a commercial basis. Where necessary, then, goods and services produced or distributed by governmental agencies are valued at cost in *gross national expenditure*. This differs slightly from the treatment given to the products of private enterprise.

It is sometimes argued that the rendering of government services to business involves duplication, in that the value of these services is included in government expenditures and in the market price of goods and services. When the government builds a road, this may be used by pleasure drivers and for the purpose of commerce. The latter portion of the services of the road should not be counted, so it is claimed, because it is not a final product.

In answer to this argument it must be remembered that *gross national expenditure* is designed as a con-

solidated accounting of final products. Industry does not pay directly for the use of the road, and there is no need to assume that the value of this service is included in the revenues from sales of private industry. To leave out such publicly financed services to business would underestimate to some degree the productive capacity of the Canadian economy.

Government debt interest is divided into two parts. It is assumed that interest paid on debt incurred to finance existing real assets represents a current payment for productive services, while interest paid on debt incurred for other purposes does not. The former portion of government debt interest is therefore included in national income under Item 3, Table I, and in national expenditure under Item 1, Table II, while the latter portion is treated as a transfer payment and excluded.

There are two main reasons for this division. The first is that a great deal of government debt has arisen out of the financing of wars without making any continuing contribution to national productivity. The second reason for excluding part of the interest on the public debt is that, otherwise, the national accounting totals might vary with mere changes in techniques of government finance. It is felt that statistical measurements of national economic activity should be invariant against such arbitrary factors as whether past wars have been financed out of taxes or out of government loans.

In the general measurements of national income, the procedure is broadened in several instances to include earnings from current production received "in kind", valued in general at cost to the employer. Such items constitute both real income and real consumption, and appear identically on both sides of the accounts. Certain products retained by producers for their own consumption, such as food grown and consumed on farms, are also included, valued at prices for which they could otherwise have been sold. Items of both these types have been noted in the appropriate sections. Pending a fuller statement of problems in this sector, it may be emphasized that to assign a money value to every type of income in kind would be impossible. Further, there is a necessary element of arbitrariness in estimating the market value of products which have not been sold in markets.

The products of what may be called the household economy, as distinct from the market economy, are in no case appraised as additions to income where these are consumed within the immediate household. As an example of this, the services of housewives are not taken into the accounts.

At the close of this brief survey of the general form of the national accounts, it may be stated again that the formal procedure is designed throughout to achieve a balance between *gross national product* and *gross national expenditure*. This balance is inherent in the structure of the accounts and does not depend upon any theory about the functioning of the economic system. The essential equality of the two sides cannot be destroyed by year-to-year changes in the Canadian economy. Any change on one side of the account will be reflected automatically on the other side, due to the design of the accounts themselves.

There is a residual error of estimate between the two sides, due to shortcomings in available statistics. The arbitrary convention has been adopted of dividing this residual error and allocating half of it to each of the

accounts. This is shown in Table I, Item 8, and Table II, Item 5. Independent estimates have been made of all of the components on both sides, and there is justification for assuming the "best" estimate of the common total to be half way between the two statistical totals achieved.

The present estimates are based on the best statistics available. They are put forward in the belief that they compare not too unfavourably in quality with similar estimates in other countries. Qualitative improvements in these statistics are definitely planned as part of the Bureau's continuing programme, and revisions will be published whenever possible.

B. Notes on Concepts Involved in Table I.

NET NATIONAL INCOME AT FACTOR COST AND GROSS
NATIONAL PRODUCT AT MARKET PRICES

Table I, Item 1.—Salaries, Wages and Supplementary Labour Income

Salaries and Wages

This figure is a total of all salaries and wages received by employees before deduction of personal income tax and employee contributions to social security schemes. Cash bonuses and retroactive wage increases are included in the year in which they are paid.

Supplementary Labour Income

Supplementary labour income consists of:

- (a) employer contributions to unemployment insurance and other government social security schemes at the time of payment into the funds;
- (b) employer contributions to private pension funds, whether through life insurance companies or self-insurance schemes, at the time of contribution;
- (c) pensions paid by employers who have no fund set aside for that specific purpose and toward which employees do not contribute;
- (d) board and other allowances in cash or in kind except those paid to "no-pays" working for a family enterprise such as farming. The income produced by "no-pays" in family enterprises is implicitly included with the Net Income of Individual Enterprise, Item 4, Table I.

Insofar as they are intended to provide compensation for loss of earnings, employer contributions to Workmen's Compensation funds are included at the time of contribution. The portion estimated to be for medical aid and hospitalization is not regarded as a form of income, and is, therefore, excluded. Where such contributions are made by government agencies on behalf of their employees, they are treated in the same way as those of other employers.

Payments under government social security schemes to which no contributions are made by employers or employees are regarded as transfer payments and excluded.

If a special fund has been set aside for social security schemes in either (a) or (b) above, its interest income is considered to be personal investment income.

When data become available other forms of supplementary labour income are to be included. Meals of

restaurant, hospital and other workers; insurance provided free to insurance company employees; discounts on employee purchases of consumer goods; medical care provided free of charge with the exception of treatment for industrial accidents; disease or injury; recreation facilities for employees; and free passes to transportation employees are all forms of additional income to the persons concerned, and will be added to the present totals as soon as accurate estimates can be made. Two items of this same general type, food produced and consumed on farms and income in kind to the Armed Forces, have been included elsewhere, the former under Item 4 and the latter under Item 2.

Table I, Item 2.—Military Pay and Allowances

(a) Cash Payments

Cash payments to members of the Armed Forces in Canada and overseas are interpreted as compensation for services rendered. Under this heading are included military pay, dependents' and subsistence allowances, all clothing allowances and the rehabilitation grant, i.e. the thirty days' extra pay and one month's extra dependents' allowances upon discharge. The rehabilitation grant is analogous to the discharge pay granted by some firms.

War service gratuities and all post-discharge re-establishment benefits are excluded as transfer payments. Were they to be regarded as payments for services rendered, it would not in any case be feasible to allocate them back to the particular years in which the service was rendered.

(b) Issues in Kind

Theoretically it would be desirable to include all issues in kind, such as food, clothing, shelter and medical and dental care. Practically, it has been found possible to include only the estimated value of food and clothing issues. Results of this procedure have the advantage of comparability with the estimates of the Department of Commerce in the United States and the Central Statistical Office in Great Britain.

No evaluation is made of reductions in railway fares which are granted to members of the Armed Forces. Since reductions on short leaves are made by the railway companies themselves without compensation from the government, they are not included in the national income. The government does subsidize travelling warrants on annual furloughs home, but such trips are not regarded as additions to personal earnings.

(c) Regular Army Pensions

Since no fund has been set up, governmental contributions to regular army pensions require special treatment. There are measured by net outpayments and included with other government pensions under supplementary labour income, Table I, Item I.

Pensions for death or disability attributable to war service are excluded.

Table I, Item 3.—Investment Income

This includes returns to enterprise and capital before taxes in the categories of interest, dividends, rent and profit.

(a) *Interest and Rents*

Interest earned in financing production by resident individuals and by governments is included, as well as all interest received from abroad. Interest received by private non-commercial institutions and by those financial intermediaries which are treated as "associations of individuals" (see note on financial intermediaries) is treated as accruing to individuals. All interest payments made abroad are excluded.

Since net interest and rents received by corporations are already included with other corporate net income as dividends, undistributed profits and corporate profits taxes, they are eliminated from the specific compilation of interest and rents.

Direct payments on federal, provincial and municipal debt, except for an amount considered to represent the productive service of real assets, are regarded as transfer payments, and excluded. This approach renders necessary a special computation of interest on productive assets of federal, provincial and municipal governments. The decision as to whether or not a certain asset is productive is based on its usefulness in the current period. War assets are thus regarded as productive during the war period but afterwards only if they can be used in peacetime. The current rate of interest on the long-term debt of the government in question is applied to the estimated value of productive assets.

Net interest on consumer debt is excluded from *net national income at factor cost*, although income earned in handling and administering such debt is included. All consumer outlay is treated as current consumption, except for outlay on housing which is regarded as capital expenditure. Noting this single exception, since consumer goods cannot give rise to investment income, it is necessary to exclude interest on the debt which finances such goods. The administrative expenses which are incurred in rendering service to borrowers are included in personal expenditure, Table II, Item 4. This treatment does not apply to the financing of business (including landlord) purchases of consumer goods.

The term rent is used here in its familiar commercial sense to comprehend net earnings accruing to capital assets such as land and buildings, including farm and non-farm residences, and real estate whether industrial, commercial or non-commercial. In owner-occupied homes rents are received not in cash but as a real service. The estimated value of this service is included as net imputed rent and the corresponding gross amount appears in Table II, Item 4.

(b) *Dividends Received by Individuals*

In *national income* will appear dividends, whether from home or abroad, received by resident individuals, governments, private non-commercial institutions and those financial intermediaries which are treated as "associations of individuals". Dividends paid abroad and dividends paid to corporations are excluded. Patronage dividends paid by consumer co-operatives are regarded as price rebates and are not included in investment income.

(c) *Treatment of Financial Intermediaries*

The institutions under this head are mainly engaged in the transfer and investment of capital. Unlike most manufacturing and service enterprises, their receipts and payments are not to be identified with sales

and costs respectively. Their services are rendered largely to persons and are not usually exchanged for a specific and identifiable fee. The value of these services must in consequence be made the subject of special estimates.

Investment trusts, life insurance companies, loan and trust companies are all examples of financial intermediaries. Treatment of this group in the National Accounts involves the concept of an "association of individuals", in which it is assumed that the services of the institutions are rendered to individuals as consumers. These services are measured by operating costs which are added to personal expenditure on consumer goods and services, Table II, Item 4.

The alternative would have been to argue that the services are rendered to individuals as purveyors of capital who are performing a business function. The service of the institution would thus be a business service and not a final consumer service to be recorded in the *national expenditure*.

Adequate information for the treatment adopted is at present available only for life insurance companies. Thus interest and dividends accruing on behalf of policyholders are included in gross, rather than in net, form under investment income, and investment expenses are included with other insurance costs to measure the services of these companies.

Commercial banks are treated as a special case among financial institutions. The concept of "association of individuals" is modified to allow for a valuation of services rendered by banks without specific charge.

(d) *Corporate Profits Taxes and Withholding Tax on Interest and Dividends*

Since labour income and entrepreneurial income are included before tax, it is desirable for reasons of comparability to treat the factor share accruing to capital in a similar manner. Thus taxes on corporate net profits and the withholding tax on interest and dividends paid to non-residents are treated as direct taxes and are not deducted from *national income at factor cost*. In the case of the withholding tax, the interest and dividends on which the tax is levied are excluded from national income (after deduction of the tax) since they are paid to non-residents. The tax itself must be included since it is retained in the country.

(e) *Undistributed Profits*

Undistributed profits are the remainder of corporate net income after deduction of losses, dividends paid and corporate profits taxes. A portion of this figure will represent undistributed profits accruing to non-residents of Canada, which theoretically should be excluded from Canadian national income. In the absence of any basis for estimating the amount accruing to non-residents, it is necessary to neglect this adjustment.

The figure of undistributed profits is calculated after deduction of current allowances for depreciation but before deduction of depletion charges (see section on depreciation, page 17). Charges to other reserves which are deductible for purposes of calculation of normal corporate tax are treated as a current expense. Such charges are not large in magnitude, but in so far as they can be estimated they should be included in Table I, Item 7.

True capital outlays which have been charged to current expense should not be allowed as an expense for calculation of the undistributed profits figure. Presumably they will not in most cases be allowed for income tax purposes and the problem will not arise. If the amount of capital outlays charged to current expense could be ascertained, the ideal solution would be to replace this amount in operating expenses with the appropriate depreciation charge on the capital expansion involved. The same figure would, of course, be included in the estimate for depreciation under Item 7, Table I.

(f) *Treatment of Inventories*

Current business practice in regard to the valuation of inventories has important implications for the measurement of national income.

If the change in total value of inventories is reflected in factor shares in the *national income* and in investment in the *national expenditure*, then appreciation or depreciation in value of already existing stocks is included in national income for the current year.

Since national income estimates are an attempt to appraise earnings from the current production of goods, it is desirable that the goods taken out of inventory should be costed as close to their current value as possible. Similarly, it is desirable that investment in inventories should measure the current value of the physical change.

At the present time it is necessary in practice to accept the results emerging from the inventory accounting of companies themselves, without adjustment. Information concerning accounting practices is too scant to allow a revaluation of these financial figures on any satisfactory basis.

An exception is made in the case of farm inventories and of grain in commercial channels. The method of calculation of agricultural income permits inclusion of inventories held on the farm at either the current value of the physical change or the change in total value. The former method is used since it is conceptually desirable. In the case of commercial grain, information is available which makes possible a better approximation to a revaluation adjustment than is the case for inventories generally. Moreover the carry-over of grain from year to year is extremely variable, and may represent an important proportion of total inventory holdings. For these reasons it has been considered desirable to introduce an inventory revaluation adjustment here.

A further problem in regard to inventories relates to the handling of inventory reserves. Such reserves are essentially a method of providing against contingencies such as falling prices, and to some degree they take the place of an inventory revaluation adjustment. Since 1941, Canadian income tax regulations have allowed charges to inventory reserve as a deduction for excess profits tax purposes; allocations to inventory reserves cannot be deducted from profits in calculations of normal corporate income tax. The manner in which corporate income has been computed is such as to show profits before deduction of charges to inventory reserves. It would be useful to show the amount of these reserves in any given year but, at the present time, adequate information on this point is lacking.

Table I, Item 4.—Net Income of Unincorporated Individual Enterprise, Agricultural and Other

This separate classification is called for because it includes a mixture of salaries, wages, and investment income, which could only be separated on a completely arbitrary basis.

It covers the earnings of working proprietors from their own businesses. Any earnings they derive from other sources are included under the headings of salaries and wages or investment income. Rent accruing to owner-occupied land and productive buildings (farms, factories, etc.) is implicitly included here.

Imputed rent on owner-occupied houses is not shown here because it is included in investment income.

The most important class of individual enterprise is agriculture. Here are excluded items which are not primarily returns for productive service, such as receipts under the Prairie Farm Income Act. Subsidies which can be regarded as payments for productive service (Wheat Acreage Reduction payments and government payments to maintain prices) are included.

The Prairie Farm Assistance Act is treated as a special case, analogous to unemployment insurance for employees; thus farmers' receipts from wheat are shown before deductions for P.F.A.A.

Payments to farmers by the Wheat Board on participation certificates are included at the time of payment. It would be possible to take these payments back to the crop year to which they apply, but this would be a distortion of the idea of income, since the value of participation certificates is undetermined for a considerable time after the crop year has ended.

Food consumed on the farm is added at farm prices since sale at farm prices would have been its only alternative use.

Table I, Item 5.—Net National Income at Factor Cost

Net national income at factor cost is defined as the aggregate of the earnings paid or accruing in a given year to individuals who are resident in Canada, or temporarily abroad, and to governments and other public agencies in Canada, as a return for their participation in production. It is interpreted to include corporate profits taxes and the undistributed profits of corporations in addition to shareholders' dividends. The contributions made to current production by labour, management, enterprise and property are, in effect, evaluated in this total through the remuneration they receive as factors of production.

Following this definition, dividends and interest paid abroad are excluded, but in a closely related case an exception is made, viz., to include the accrual in Canada to residents of other countries of profits which are undistributed, and to include the accrual, to this same group, of profits which are required to pay withholding tax and corporate profits taxes.

In the above definition the term "net" refers to the fact that corporate and non-corporate income is reckoned after deduction of sums allowed for depreciation.

In principle, *net national income at factor cost* excludes capital gain or loss.

Note on Government Contribution to National Income.—Government contribution to the national income is estimated on the basis of the amount paid for productive services by governments, i.e. *net national income at factor cost*, includes wages, salaries and rents paid by governments, and interest arising from investment in government productive assets, but does not include government saving or dissaving. This differs from the "payment price" approach, where government services are valued according to the current payments by the community of taxes, fees, etc. In the latter method, income from government equals government payments for wages, salaries, rent and net interest on national debt, plus government saving or dissaving (as measured by the difference between current revenues and the total of current expenditures and non-current expenditures for non-productive assets). Were this method to be adopted, national income would vary according to whether government expenditures were financed by taxation or by borrowing. It is felt that for this reason the productive services of government are better valued at cost.

As stated above, that part of the interest paid on direct federal, provincial and municipal debt which finances no productive service in the current period is treated as a transfer payment, and, therefore, excluded from *net national income*. Interest paid on that portion of the government debt incurred to finance existing real assets will be included in the national income through an estimate of the interest arising out of investment in these assets.

Business enterprises owned by governments (e.g. Post Office, Canadian National Railways, Ontario Hydro Electric Commission) are given treatment similar to those of the private sector. This would appear to be more useful than the alternative method of including such business enterprises with the government sector, in which case their net profits or losses would be treated respectively as indirect taxes or as subsidies. Insofar as their losses are covered by direct government expenditures, the amounts should be removed from the private sector and shown as government subsidies.

Note on Non-Commercial Institutions.—Non-commercial institutions are defined as those whose service charges are not expected to cover expenses, e.g., hospitals and charitable institutions. Measurement of their contribution to the national income presents a special problem.

The revenue of non-commercial institutions consists of fees, of gifts from government, business and individuals, and of investment income. Unlike ordinary business institutions, the value of their services is not fully reflected in the fees they charge. Nor is it logical to assume that the value of their services is equivalent to the total of fees and gifts received, since the amount of gifts does not correspond in any sense to current services rendered to the donor or to the community as a whole.

The solution is to measure the services provided by non-commercial institutions by their expenses. This involves regarding individuals as paying out of personal incomes the expenses of non-commercial institutions. Gifts from governments and from business, except when the latter are properly treated as business costs, are looked upon as transfers. Investment income of these

institutions is treated as accruing directly to individuals and is therefore included specifically under investment income.

Table I, Item 6.—Indirect Taxes

Indirect taxes represent a part of the market prices of goods which does not appear in factor costs.

Business accounting procedures provide a guide as to whether a tax is to be regarded as direct or indirect. Thus all taxes which are treated as costs by business, such as real property taxes, should be taken as indirect. Those levied as a percentage of net profit are regarded as direct taxes. This operational distinction is not based on any assumption regarding shifting and ultimate incidence of taxes of different types. While it would be theoretically desirable to separate taxes according to their ultimate incidence rather than according to the source from which they are levied, the former approach is not possible on the basis of present knowledge.

A case which requires consideration is that of sales taxes which are not included in market prices as reported by retailers. These are to be treated as indirect taxes, and retail sales, as reported by retailers, adjusted by their amount for inclusion in *national expenditure*.

Real property taxes are treated as indirect whether on owner-occupied or on rented property. Since treatment of imputed rent of owner-occupied property involves regarding the owner-occupier in the dual role of landlord and tenant, this procedure is not inconsistent.

Government licence fees, service charges, etc., paid by business are treated as indirect taxes only where the government organization levying such charges is not included with the business sector. Postal charges, for example, should not be included with indirect taxes since the post office is treated as a business concern and its operations are therefore included on a net basis.

Subsidies.—Subsidies represent amounts contributed by governments towards current costs of production. For this reason they must be deducted from factor costs to arrive at *gross national product at market prices*. Excluded are (1) subsidies from one government to another, (2) government payments for which no productive service is rendered, i.e., transfer payments, and (3) subsidies for capital improvement or expansion, which appear in investment on the expenditure side.

Table I, Item 7.—Depreciation Allowances and Similar Business Reserves

An estimate of current consumption of capital must be added to *net national income at factor cost* to arrive at *gross national product*. In view of the impossibility of arriving at a figure of the true economic consumption of capital, it is necessary to use current accounting allowances for depreciation and obsolescence as a basis for the estimate, although these may vary widely from actual physical capital consumption. The depreciation series used is comparable with estimates of net business income appearing in *net national income* (in the sense that theoretically identical allowances for depreciation have been made in arriving at this net income), and with estimates of "gross private investment in durable assets" (in the sense that depreciation is intended to measure the current use of the assets whose acquisition is defined as "gross private investment in durable assets"). The allowance of some different amount would involve a

corresponding adjustment in profits and thus in *net national income at factor cost* but would not affect the total of *gross national product*.

Special consideration must be given to cases where depreciation accounting is not practised. The railways are a case in point, although in recent years they have changed over to a more comprehensive depreciation basis. In some cases, replacements are charged directly to operating expenses. If such replacement charges do not vary widely over a period from those which would have been made under the depreciation method, they can be included without adjustment with the estimate for depreciation. In some cases, capital outlays which have no relation to the wearing out or replacement of equipment are charged to current expense. Theoretically such capital outlays should be added back to profits and replaced by the relevant amount of depreciation, the latter being included in the general estimate for depreciation.

Depletion charges are not included with depreciation since they are extremely arbitrary and represent a completely inadequate approximation to current consumption of natural resources. The figure for profits in *net national income at factor cost* is calculated before deduction of current accounting allowances for depletion.

The claim portion of insurance against fire and other damage to business property is regarded as analogous to depreciation in that it is included in market price but does not represent income of any factor of production, and in that it is a necessary cost in maintenance of the national capital. Thus it is included under this heading.

Bad debt allowances should be included here because they enter into the market prices of goods and services in *national expenditure* but do not represent income of any factor of production. The figures used should be the amount included by businesses themselves in operating costs.

C. Notes on Concepts Involved in Table II

GROSS NATIONAL EXPENDITURE AT MARKET PRICES

Table II, Item 1.—Government Expenditure on Goods and Services—War and Non-war

This comprises purchases of newly produced goods and services, including capital goods and net government investment abroad. Domestic transfer payments, loan repayments and payments to sinking funds are all excluded. Subsidies representing government contribution to business production costs are excluded since they appear as a deduction in Table I.

Current expenditures of government enterprises which charge fees for services to the general public—such as the Post Office, Canadian National Railways, and Ontario Hydro Electric Commission—are treated as business expenses and deducted from their revenues. Capital expenditures of such enterprises are included with private investment under Item 2, Table II.

Part of the interest on government debt is excluded since it is treated as a transfer payment as already noted. The remainder, representing interest arising from investment in productive assets of governments, is the same figure included in Table I, Item 3.

Government expenditures are divided between war and non-war. War expenditures cover expenditure of

the defence departments prior to 1939, and, since then, items connected with the financing of allied nations (e.g., F.E.C.B. sterling accumulations, official repatriations) and with war relief (e.g., U.N.R.R.A.), as well as the war appropriation.

Table II, Item 2.—Gross Private Investment at Home

This comprises outlay for new investment goods by private persons, business concerns and autonomous government bodies. Included are expenditures made for the replacement of existing plant and equipment. The series has been designed as far as possible to be consistent with investment income, Table I, Item 3. It covers:—

- (a) New construction. This heading comprises new building and engineering, including residential construction;
- (b) New machinery and equipment. Purchases of new durable producers' goods and business purchases of consumer durable goods are the main components of this series. Items such as small tools which are generally charged to current expense are excluded.
- (c) Inventories. This includes the change in value of privately held inventories, except in the case of farm inventories and stocks of grain in commercial channels, where the current value of the physical change is used. (See Section on Treatment of Inventories p. 15).

Table II, Item 3.—Net Private Investment Abroad

This series measures the net change in foreign assets held by private residents. It is obtained by adjusting the annual net international balance on current account to eliminate changes due to government lending or borrowing abroad.

Table II, Item 4.—Personal Expenditure on Consumers' Goods and Services

This comprises personal expenditure of Canadian residents, including implied expenditure out of income in kind, on consumer goods and services. It includes expenditures of Canadian residents temporarily abroad (e.g. tourists, members of the armed forces), and excludes expenditures of foreign residents temporarily in Canada. All expenditures that are regarded as business costs are excluded.

Table II, Item 6.—Gross National Expenditure at Market Prices.

This is defined as the gross value at market prices of the annual flow of consumer goods and services and capital goods. Goods and services produced by governmental agencies on a non-commercial basis, however, are valued at cost. Capital equipment is included *in toto* with no deduction for its current consumption in productive processes. The value of materials and services produced by private industry and consumed in current production is already included in the market prices of finished goods and is not counted again. Briefly, the concept attempts to evaluate all final products of the economic system in a given year, including consumer goods and services and capital goods.

D. Notes on Concepts Involved in Table V

PERSONAL INCOME PAYMENTS

The concept of *personal income payments* is directly related to other concepts of national income and is derived by the following steps. From *net national income at factor cost* are deducted all those elements of earnings not paid to individuals, the more important of which are the undistributed profits of corporations, corporate income taxes and government trading profits. On the other hand, certain transfer payments, defined as those elements of personal income

which are not rewards for productive services, are added. Since inter-personal transfers cancel out in their effect on aggregate personal income, they can be ignored. An adjustment is then made by adding in transfer payments received by persons from governments, of which a principal element is interest on government bonds. A final adjustment is made for social security and industrial pension funds in that benefit payments are substituted for employer and employee contributions. It is the disposal of this adjusted total which makes up consumer expenditures, personal savings and taxes levied on personal incomes in any year.

CHAPTER II

METHODS OF ESTIMATION

A. Sources and Methods Used in Estimating Totals in Table I

NET NATIONAL INCOME AT FACTOR COST AND GROSS
NATIONAL PRODUCT AT MARKET PRICES

Table I, Item 1.—Salaries, Wages and Supplementary Labour Income

Salaries and Wages.—Salary and wage payments are compiled on an industrial basis. They are counted before deduction of income tax, employee contributions for unemployment insurance and other levies.

Withdrawals of working proprietors are excluded here and are included in net income of individual enterprise, Item 4.

Wherever possible, salary and wage payments as reported to the annual Census of Industry are used. In the case of some industries, comprehensive data of this type are not available and the estimates are based on relatively inadequate information.

Salaries and wages in agriculture for 1941 are based on Decennial Census data and are projected to other years on the trend indicated by sample surveys carried out by the Agricultural Branch (See "Quarterly Bulletin of Agricultural Statistics", April-June, 1944).

Other cases where Decennial Census data are used as a base include fishing and trapping, trade, and certain service industries. In the case of trade, the payrolls index prepared by the Employment Branch, Dominion Bureau of Statistics, is available for projection since 1941; for earlier years the employment index for trade is used in conjunction with the general average index of wage rates prepared by the Department of Labour. In other cases, less satisfactory information is available and projections are made on the basis of general indexes of employment and wage rates.

For the finance and insurance groups, information is obtained directly from such sources as the Canadian Bankers Association, Reports of the Superintendent of

Insurance, and various provincial reports. In the case of life insurance companies, commissions are included with salary and wage payments.

For salary and wage payments of Dominion and Provincial governments, information is available in the Public Accounts. Pay and allowances of the Armed Forces are excluded here and are shown separately under Item 2. For municipal governments, the estimates are less satisfactory, being based on Decennial Census data for 1941 and projected on the experience of a sample of cities.

Figures for the various industrial groups together with detailed notes on methods and sources will be contained in a forthcoming publication of the Dominion Bureau of Statistics.

Supplementary Labour Income

Included under this heading are:

- (a) Board and living allowances. These are estimated separately for industries where they are important, e.g. agriculture, logging and domestic service. In the case of agriculture, some information is available from the Decennial Census and from sample surveys carried out by the Agricultural Branch, Dominion Bureau of Statistics. In other cases the estimates are based on relatively arbitrary assumptions, both as to the numbers involved and as to the value of board.
- (b) Welfare expenditure by employers on behalf of their employees. Estimates are based on a questionnaire covering almost 2,000 firms. Coverage is known to be incomplete.
- (c) Employer contributions to government funds. Figures are obtained from the Unemployment Insurance Commission and from Workmen's Compensation Boards. Adjustment was made to employers' assessments to Workmen's Compensation funds to exclude amounts estimated to be necessary to cover medical aid and hospitalization. The amounts included under this heading are shown in the following table:

INCOME IN THE FORM OF EMPLOYERS' CONTRIBUTIONS TO WORKMEN'S COMPENSATION AND UNEMPLOYMENT INSURANCE FUNDS—1938 — 1944

(thousands of dollars)

	1938	1939	1940	1941	1942	1943	1944	1945
Employers' contributions less amounts excluded.....	16,968	17,516	19,807	37,986	62,289	70,726	71,702	68,000

- (d) Employer contributions to industrial pension funds and non-contributory pension payments. The basis of these estimates is the survey mentioned above in connection with welfare expenditures. To the total reported on this survey are added figures for banks, insurance companies and governments.

Table I, Item 2.—Military Pay and Allowances including Income in Kind

These estimates were made by the Department of National Defence.

The Chief Treasury Officer (Army) has supplied figures for pay and allowances by calendar years from September, 1939, to the end of 1945. Details of pay and allowances for the balance of 1939 and for 1938 have been estimated from statements of pre-war expenditure.

The estimate for food was based on the assumption that fifty cents per man-day was a fair valuation of food rations to all personnel not in receipt of subsistence allowance. This sum corresponds to the amount of subsistence allowance paid in lieu of rations under Service regulations. The general method of estimating clothing was to compute per capita cost of all issues of clothing and necessities and to multiply the cost figure by the number of persons involved each year. Care was taken to exclude items of special combat clothing and to make such deductions as were considered essential for extra wear and tear incurred during war operations and combat exercises.

A similar method was used by the navy and the air force. The estimates with regard to the latter were complicated by the necessity of eliminating expenditures incurred on behalf of non-Canadian members of the British Commonwealth Air Training Plan. Generally, this was made on a straight proportional strength basis.

Table I, Item 3.—Investment Income

This item is made up of the following categories of income:

- (a) corporate taxable income, net of losses and adjusted for depletion charges and for dividends paid abroad;
- (b) bond and deposit interest received by individuals in Canada;
- (c) dividends and interest received from abroad by individuals in Canada;
- (d) withholding taxes;
- (e) rents and mortgage interest received by individuals;
- (f) investment income of life insurance companies and fraternal societies, accruing on behalf of residents, and profits of mutual fire and casualty insurance companies;
- (g) investment income of industrial pension funds and of cooperatives;
- (h) miscellaneous investment income of governments.

From the total of items (a) to (h) inclusive were deducted interest on consumer debt and interest on that part of direct government debt which has been incurred for purposes other than the financing of existing real

assets. The grand total of investment income was adjusted by the allowance for inventory revaluation of grain in commercial channels.

(a) Corporate Taxable Income Plus Depletion Charges and Charitable Donations

For taxation years 1938 to 1943 inclusive corporate taxable income was estimated by dividing tax collections by the average tax rate. The figure for tax collections was supplied by the Income Tax Division, Department of National Revenue. The average tax rate for each year was computed from assessed returns available as at March, 1946. For the years 1940 to 1943 inclusive the rates thus computed were adjusted slightly downward as supplementary evidence indicated that they contained an upward bias. For taxation year 1944 the figure for taxable income was obtained from a punch card run of unassessed returns.

Taxable income for a particular taxation year, that is, the calendar year in which a company's fiscal period ends, has to be allocated to the calendar years in which the income was earned. A punch card run for taxation year 1944 showed that 16 per cent of total taxable income was earned in calendar year 1943 and 84 per cent in calendar year 1944. In the absence of such data for the other years the same relationship was used throughout.

From the adjusted figures of taxable income it was necessary to deduct losses. This figure was available for taxation year 1944 only. Projection to other years was made on the inverse trend of profits.

Dividends paid abroad were obtained from the International Payments Branch of the Dominion Bureau of Statistics, and deducted.

Depletion charges allowed for income tax purposes for 1944, obtained from the Department of National Revenue, were projected on an index of depletion charges of companies included in the Bank of Canada corporate study, and added back. The 1944 figure of charitable donations allowed as a deduction for income tax purposes was projected on the trend of profits and also added back.

(b) Bond and Deposit Interest Received by Individuals

Bond Interest.—A sample of ownership certificates compiled for the Royal Commission on Dominion-Provincial Relations showed the amount paid to individuals, including estates, trustees and nominees, in 1937 on domestic and foreign non-registered bonds and share warrants and in the form of dividends from abroad. To this amount was added interest to individuals on federal registered debt in 1937, estimated from information supplied by the Department of Finance, and interest on non-federal government registered bonds in 1936, supplied by the Income Tax Division. From this grand total were subtracted estimated amounts paid by share warrant dividends and dividends and interest from abroad to give an estimate of bond interest received by individuals in 1937. The figures were checked as far as possible with information available in the International Payments Branch, Dominion Bureau of Statistics. The figure for 1937 was projected to 1938 in the same proportion as total bond interest paid to residents.

A separate estimate was made of interest paid to individuals on direct funded debt of the Dominion Government for the years 1938 to 1945. This estimate is based on a study made by the National War Finance Committee of estimated average holdings by individuals of Dominion Government debt for the calendar years 1938 to 1945.

From the figure of interest paid to individuals on all bonded debt in 1938 was deducted the estimated interest on Dominion Government bonds, and the remainder was projected to 1945 by an index made up of the sum of estimated interest paid to residents on direct and indirect provincial and municipal bonded debt, on Dominion Government guarantees and on corporate bonded debt including C.N.R. non-guarantees. To the figures of interest to individuals thus obtained were added the direct estimates of interest to individuals on Dominion Government direct debt for each year.

Deposit Interest.—For 1943, 1944 and 1945 figures of interest on deposits paid to individuals by chartered banks are based on total deposit interest paid by the chartered banks, as reported by the Minister of Finance, less an estimated amount paid abroad and to corporate bodies in Canada. Figures for 1938 to 1942 were obtained by projection back on the basis of changes in Canadian interest bearing deposits. The figures were raised to include a valuation of banking services to individuals for which there was no specific charge.

Deposit interest paid by loan and trust companies was estimated from annual reports of the Superintendent of Insurance of the Dominion of Canada and of the Registrar of Loan Corporations of Ontario, and financial statements filed with the Treasurer of the Province of Quebec. The figures were adjusted upwards to include deposit interest of savings banks.

(c) *Dividends and Interest Received From Abroad*

Figures for dividends and interest received from abroad were supplied by the International Payments Branch.

(d) *Withholding Taxes*

Withholding taxes were compiled from the Dominion Public Accounts and adjusted to calendar years.

(e) *Rents and Mortgage Interest Received by Individuals.*

Rents.—The general method used here is to estimate gross rents, paid and imputed, and to subtract from this total gross rents received by corporations and the expenses applicable to the remainder. Of the three main classes of gross rents—non-farm residential, non-farm non-residential, and farm—the first is the most important in size. It is also the one for which coverage is most satisfactory. The estimates of the other two classes of gross rents are of necessity more arbitrary. Estimates of the expense components of gross rents are also arbitrary. Improvement of these estimates must await a number of surveys in this field.

Estimates of gross residential rent are, in general, based on information from the Decennial Census of 1941 regarding number of dwellings in various classes and average rent paid for tenant-occupied dwellings. In the case of farm rents estimates are prepared by the Agricultural Branch, Dominion Bureau of Statistics. (See "Quarterly Bulletin of Agricultural Statistics",

April-June, 1944). For the compilation of non-residential rents various sources are used, including annual reports of insurance, trust and loan companies, reports supplied to the Transportation Branch, Dominion Bureau of Statistics by railways and motor carriers, and returns from the Dominion Bureau of Statistics capital schedule for 1941.

For the non-farm residential sector, estimates of expenses for both owner-occupiers and tenants are based mainly on information from the 1941 Housing Census regarding outlays on property taxes, repairs and maintenance, by owner-occupiers. Adjustment has been made for memory bias and non-reporting. Depreciation is arbitrarily set at varying percentages of gross rents for different classes of dwellings. Estimated fire insurance premiums and interest on residential mortgages are included. In the case of farm rent, estimates of expenses are prepared by the Agricultural Branch, Dominion Bureau of Statistics. For the non-farm non-residential sector, the only information available is the experience of insurance companies, appearing in the annual Report of the Superintendent of Insurance, and this experience was applied to the remainder of the field.

In order to arrive at a figure of net rents received by individuals, rents received by corporations and by those government agencies which are treated as businesses must be deducted from the overall figures. The amount of gross rents received by corporations is available from the Income Tax Division for 1944 only. It was assumed that the proportion of gross rents received by corporations to total gross rents would be the same in other years. For the purpose of deducting appropriate expenses it was assumed that gross rents received by individuals include all residential rent.

Mortgage Interest.—Since no direct information is available on the amount of interest paid annually on mortgages and agreements of sale, it was necessary to base the estimate on a compilation of the total amount of this debt outstanding. The amount held by governments, corporations and various financial institutions was obtained from published sources and in some instances by direct enquiry. Sufficient information was available to break this total down into farm and non-farm debt.

Information as to the amount of mortgages and agreements of sale held by individuals is very limited. On the basis of available evidence it was assumed that individuals held 45 per cent of the total mortgage debt on urban property. The total amount of urban mortgage debt, estimated on this basis, checks roughly with an independent estimate based on information from the 1941 Census of Housing.

The Agricultural Branch, Dominion Bureau of Statistics, has prepared estimates of total farm mortgage indebtedness on the basis of the 1941 Census of Agriculture and other available information. The amount of individually held farm mortgages and agreements of sale is obtained by deducting from this total the amount of institutionally held farm mortgage debt, estimated as above.

Rates of interest used were based on 1941 Census information supplemented by reference to informed opinion.

The estimate of mortgage interest is on an accrual rather than on a cash basis.

(f) *Investment Income of Life Insurance Companies and of Fraternal Societies.*

Figures of interest, dividends and rents accruing on behalf of policyholders were compiled from Volume II of the annual Report of the Superintendent of Insurance of the Dominion of Canada. As policy loans are believed to be largely in the nature of consumption loans, the interest on these was deducted. Income accruing on behalf of non-Canadian policyholders was excluded on the basis of the ratio of liabilities out of Canada to total liabilities.

A similar procedure was used in estimating investment income of fraternal societies.

Investment income of provincially registered insurance companies was estimated on the basis of the ratio of net policies in force in provincially registered companies to net policies in force in Dominion registered companies. The amount involved was small.

Profits of mutual non-life insurance companies were compiled from Volume I of the annual Report of the Superintendent of Insurance of the Dominion of Canada.

(g) *Investment Income of Pension Funds and Co-operatives.*

Net profits of co-operatives are estimated from a study of financial statements of co-operatives with sales of over \$200,000, filed in the Economics Branch of the Department of Agriculture.

Figures of investment income of industrial pension funds are based on a questionnaire survey carried out by the Dominion Bureau of Statistics.

(h) *Miscellaneous Government Investment Income.*

Government Trading Profits.—The trading profits or losses of the following government agencies are included:

Dominion:—Post Office Department, Trans-Canada Air Lines, miscellaneous Crown Companies operated by the Departments of Finance and Munitions and Supply.

Provincial:—Liquor Control Boards or Commissions, Power Commissions, Telephones, Steam Railways, Land Settlement Boards, Farms, Creameries, etc.

Municipal:—Electric Railways, Light and Power Systems, Water Supply Systems, Telephones.

The data were compiled from the Public Accounts of the Dominion and the Provinces, Reports of the Provincial Departments of Municipal Affairs, annual financial statements of various cities, the Report on Electric Railways (Dominion Bureau of Statistics) and by reference to the various annual reports of the agencies concerned.

Where necessary the profits or losses were adjusted to a calendar year basis. Debt retirement and all transfers to reserves, except depreciation reserves, were excluded from operating expenditure.

Returns on Government Investments.—This item consists, for the Dominion, of interest receipts on loans and advances to provincial governments, National Harbours Board, Canadian National Railways and other miscellaneous agencies. Trading profits which are shown elsewhere are excluded, as is interest on sinking funds. Receipts of interest, premiums and exchange of provincial

and municipal governments are included. The figures are based on Dominion and Provincial Public Accounts, Reports on Financial Statistics of Provincial Governments (Dominion Bureau of Statistics) and on "Comparative Statistics of Public Finance" prepared for the Dominion-Provincial Conference on Reconstruction, 1945.

Interest on Public Funds Held by Governments.—This item includes interest accruing on Workmen's Compensation funds, deposit and trust accounts, insurance and guarantee funds, pension, retirement and unemployment insurance funds. The figures were compiled from Dominion and Provincial Public Accounts and from various reports.

Inventory Revaluation Adjustment.—Information is available regarding the quantities of grain held at various storage points. Prices applicable to this grain were estimated by adding or subtracting freight and handling charges to quoted prices basis Fort William/Port Arthur. The net physical change in the quantity of grain held in commercial channels, valued at current prices, is subtracted from this total. The difference represents the amount of inventory revaluation. The source of both prices and quantities of grain was the annual Report on The Grain Trade of Canada (Dominion Bureau of Statistics). For a description of the method used to estimate the net physical change see p. 27.

Interest on Consumer Debt.—The amount of consumer debt outstanding in 1941 was estimated on the basis of data from the Merchandising Census regarding accounts receivable. It was necessary to make an arbitrary assumption as to the breakdown between charge and instalment accounts. Information regarding the trend of outstanding debt from 1938 to 1945 and regarding the average interest rate is relatively inadequate. Thus estimates of interest payments over the period must be regarded as arbitrary.

Interest on the Public Debt.—As stated above (p. 12) interest on government debt which has been incurred to finance existing real assets is included in *net national income*, while interest paid on debt incurred for other purposes is excluded. This involves deduction of total government debt interest from the items in investment income described above and its replacement by an estimate of interest on debt incurred to finance existing real assets.

The figures of total government debt interest include all interest on direct bonded debt, treasury bills and war savings certificates. Interest on sinking funds is excluded. Dominion and Provincial government data were compiled from the various Public Accounts, and adjustments were made to a calendar year basis. Municipal government interest was estimated from data published in the Statistical Summary of the Bank of Canada and material prepared for the Dominion-Provincial Conference on Reconstruction, 1945.

In the case of the Dominion and Provincial governments, an estimate of the interest on debt incurred to finance existing real assets was obtained by applying the average rate of interest on outstanding debt of the various governments to the total value of productive assets. Data regarding the value of productive assets were compiled from the Public Accounts and other

reports of the Dominion and Provincial governments concerning the value of productive assets. These include: public buildings, highways, roads, bridges, ferries, lands, machinery, equipment, supplies, government farms and mines, and various war assets. Among war assets which were considered as productive were government owned and operated companies, Crown plants (both government and privately managed), and plant and equipment acquired from the United Kingdom.

In the case of municipalities, it was assumed that the value of existing productive assets equalled the outstanding debt exclusive of those portions issued to finance direct relief or unproductive relief works. Consequently the interest on debt incurred to finance existing real assets was estimated by applying the average rate of interest on municipal debt to the total municipal debt exclusive of relief debt. The estimate of outstanding relief debt was prepared on the basis of information in the annual reports of the Departments of Municipal Affairs for British Columbia, Ontario and Saskatchewan, and the annual reports of various cities in Manitoba and Quebec.

Table I, Item 4.—Net Income of Individual Enterprise

(a) Net Income of Farm Operators from Current Farm Production

Detailed notes on method are contained in the "Quarterly Bulletin of Agricultural Statistics", April-June, 1944. The basis of estimation is now being changed and revisions in method will be noted in subsequent issues of the Bulletin.

the development of special income studies. Projections for these industries are based on indexes of employment and wage rates. Net incomes of the important group of professionals are estimated on this basis, but it is planned to cover this group by sample surveys as soon as possible.

In the case of the logging industry a special study of reports received by the Census of Industry was made in order to analyse returns of unincorporated enterprise. Estimates of net income are based on this study, but it is necessary to make various arbitrary assumptions as to expenses not included in the returns and as to coverage of the returns.

For fishing and trapping, estimates are based on figures of gross revenue compiled by the Dominion Bureau of Statistics, reduced by arbitrary amounts for expenses.

Table I, Item 6.—Indirect Taxes less Subsidies

(a) Indirect Taxes

Indirect taxes levied by the Dominion Government consist of (1) customs import duties, excise duties and taxes, taxes on corporations other than on profits; (2) privileges, licenses and permits; (3) fees not involving a direct service by the Government; (4) the processing levy collected by the Canadian Wheat Board in 1941; and (5) other items, such as the business share of the sale of gasoline ration books, bullion and coinage charges, etc.

Provincial indirect taxes levied consist of (1) taxes on amusements, corporations other than on profits, fuel

RECONCILIATION WITH THE AGRICULTURAL BRANCH ESTIMATES, CANADA, 1938 TO 1945

(thousands of dollars)

	1938	1939	1940	1941	1942	1943	1944	1945
Net Income of Farm Operators from Current Farm Production	408,100	466,193	512,756	578,249	1,077,986	979,642	1,227,367	1,034,000
Plus Net Rent on Owner-Occupied Houses.....	15,757	16,017	16,298	16,587	16,826	17,249	17,938	18,000
Plus Net Transfer under Prairie Farm Assistance Act.....	—	7,893	4,775	13,593	-1,887	4,145	-4,406	9,400
Plus Payments under Prairie Farm Income Act.....	—	—	—	18,983	—	—	—	—
Net Income of Farm Operators from Farming Operations.....	423,857	490,103	533,829	627,412	1,092,925	1,001,036	1,240,899	1,061,400

(b) Other

The estimates are compiled on an industrial basis and are in general based on relatively inadequate data.

In the case of some industries, e.g. trade, insurance and real estate, special sample surveys have been carried out recently by the Dominion Bureau of Statistics and the estimates are based on the results of these surveys. It is planned to extend such surveys in the near future to include additional groups.

For other industries, estimates are based on Decennial Census information for 1941, assuming varying relationships between net income of individual enterprisers and employee earnings as reported in the Census. Such an assumption is arbitrary, but improvement must await

oil and gasoline, real property, liquor, tobacco, etc.; (2) privileges, licences and permits, such as the business share of motor vehicle licenses and certain public domain revenue such as timber dues, stumpage, etc.; (3) fees not involving any direct service on the part of the government. The sources of these data are the Public Accounts of the various provinces and figures prepared for the Dominion-Provincial Conference on Reconstruction, 1945.

Municipal indirect taxes included are all real property taxes, sales taxes and revenue received from the sale of licenses and permits.

The source for municipal taxes is the Statistical Summary of the Bank of Canada for the years 1938

and 1940, while statements prepared for the Dominion-Provincial Conference of 1945 were used for the years 1939, 1941, 1942 and 1943.

Where necessary, fiscal years were adjusted to a calendar year basis.

(b) Subsidies

This item is restricted to the following classes of payments made by the Dominion and Provincial governments toward the cost of goods and services bought by the public:

DOMINION

Agricultural subsidies include Wheat Acreage Reduction payments, premiums on livestock for breeding purposes, subsidies on alfalfa meal and western wheat used exclusively as feed for livestock and poultry, freight assistance on western feed grains for livestock feeding purposes, fertilizers subventions, payments on fluid milk and on milk purchased for concentration into whole milk products, premiums on cheese and bacon and on eggs for export to the United Kingdom, as well as miscellaneous other items.

Business subsidies include production subsidies for coke, iron and steel products, subsidies on fruits used for jam manufacture and vegetables used for canning, drawback claims paid to millers, freight assistance on coal, iron and steel, freight costs of private contractors, steamship subsidies for mail, and miscellaneous other items.

Trading losses on government operations such as the trading losses of the Commodity Prices Stabilization Corporation, Canadian Wool Board, Wartime Food Corporation, and losses on the disposal of surplus apples and agricultural seeds are included here. In the case of the Canadian Wheat Board an increase in the trading loss is regarded as a positive subsidy, while a decrease in the trading loss is regarded as a negative subsidy, equivalent in effect to an indirect tax.

PROVINCIAL

Agricultural subsidies.—Freight assistance was paid on limestone for treating soil, western feed grains, and on various other products. Production subsidies were paid on wool, cheddar cheese, sugar beets, bacon hogs and livestock for breeding purposes.

Business subsidies include payments on iron ore and peat, the operation of certain ferries, and the publication of textbooks.

Provincial subsidies also include payments out of transfers from the Dominion Government.

Where necessary fiscal years were adjusted to calendar years. The sources are the Public Accounts of the Dominion of Canada and the various provinces.

Table I, Item 7.—*Depreciation Allowances and Similar Business Costs*

Estimates were first prepared for some sixteen major industrial groups in the economy. These estimates were based, wherever possible, on results of the Dominion Bureau of Statistics questionnaire on capital expenditures and depreciation for 1941-1943, and projected to other years on the trend shown by the Bank of Canada corporate sample. In the case of telephones, electric

railways, road transport and water transport, data collected by the Transportation Branch, Dominion Bureau of Statistics, were available. For retail and wholesale trade and service, data for certain years were obtained from the Merchandising and Services Branch, Dominion Bureau of Statistics, and other sources. In some industries, notably fishing, agriculture and professional services, the estimates were of necessity based on relatively inadequate information.

Depreciation on government assets (other than assets owned by autonomous government bodies such as utilities) is not included. The estimated depreciation on residential dwellings, identical with the deduction used in arriving at the "net rents" estimate, is included. Special war depreciation is also contained in the series, since this has been allowed as a deduction from the taxable income figures included in *net national income*.

A figure compiled by the National Revenue Department for 1944 indicated that the original estimates were too low, insofar as the corporate sector of the private business economy was concerned. Consequently, the figures were raised by a factor to bring the corporate depreciation into agreement with that allowed for income tax purposes. It was assumed that this adjustment would apply proportionally to all years from 1938 on.

Claim Portion of Insurance against Fire and Other Damage to Business property.

It is assumed that the claim portion of business insurance premiums is measured by losses as they appear in Volume I of the annual Report of the Superintendent of Insurance. In most cases, insurance of commercial risks is apparent from an examination of tables in the Report. In several cases the breakdown between commercial and personal risks is based on arbitrary decisions.

Although desirable theoretically, no adjustment has been made in the present estimates for charges to bad debt reserves. There is no information available on which to base such an estimate. It is believed that the amount involved is not large.

B. Sources and Methods Used in Estimating Totals in Table II

GROSS NATIONAL EXPENDITURE AT MARKET PRICES

Table II, Item 1.—*Government Expenditure on Goods and Services*

The figures for government expenditure have been obtained by analysis of the Dominion and Provincial Public Accounts and related financial statements, reports of Provincial Departments of Municipal Affairs and individual financial statements of municipalities. In some cases the information presented in these public documents has been supplemented by further detail obtained from government officials.

The division between war and non-war expenditure applies only to the Dominion and follows closely the division established in the Dominion Public Accounts.

Two adjustments have been made to war expenditures as presented in the Dominion Public Accounts. The first adjustment involves the exclusion of subsidies, transfer payments, purchase of capital assets, and loans and advances to the private sector of the economy, in accordance with the concepts enunciated in Chapter I.

The second and more difficult adjustment involves placing the figures of war expenditures on a calendar year basis. This has been accomplished by adding the payments made between January 1 and the close of a fiscal period to the payments made between April 1 and December 31 of the succeeding fiscal period. It should be noted that, while expenditure in the Dominion Public Accounts is on a cash basis, the fact that the books are held open for some time after March 31 has the effect of approximating an accrual basis for the fiscal period. The above method of determining calendar year expenditures does not produce the same effect, since some of the payments made in the early part of a calendar year will relate to expenditures incurred in the previous calendar year. However, a more correct approximation to the calendar year basis must be deferred until the necessary information is available.

The comments made with respect to the adjustment of war expenditures, as presented in the Public Accounts, to the basis required for national income purposes apply with equal force to the non-war segment.

It should be noted that government expenditures, war and non-war, include both current and capital elements. In non-war expenditure the most important capital items are the change in inventories of government agencies and the redemption of securities held abroad. Similarly, war expenditures include substantial amounts for the repatriation of securities, loans and advances to other governments, and for increased holdings of foreign currencies and gold by the Dominion Government, the Bank of Canada or the Foreign Exchange Control Board. Large amounts have also been spent for war plant and equipment.

Table II, Item 2.—Gross Private Investment at Home

(a) Gross private investment in durable assets

Gross private investment in durable assets includes expenditures in Canada of private business and autonomous government enterprise for items of a fixed or durable nature. Expenditures for similar items by foreign firms and governments are included. The series includes expenditures by private persons on new residential construction.

The term "gross" connotes that no allowance for depreciation or retirements has been deducted. The term "new" includes replacements and major alterations but does not include ordinary repairs or maintenance expenditures. It is intended that the division between current and capital outlay should compare with that adopted for the purpose of measuring net income for income tax purposes.

The components of "gross private investment in durable assets" are as follows:

- (1) New building construction, including residential construction.
- (2) New engineering construction.
- (3) New machinery and equipment, excluding purchases of automobiles.
- (4) Miscellaneous costs involved in the acquisition of property, generally chargeable to capital account, e.g. freight and markup on second-hand vehicles purchased for business use.

Purchases of automobiles and other durable consumer goods by households are not included in gross private investment.

(1) *New Building Construction.*—The method used closely follows that described on pp. 102-104 of "Public Investment and Capital Formation", Dominion-Provincial Conference on Reconstruction, 1945. Owing to the necessity of defining capital expenditure to correspond more closely with business accounting practice, certain assumptions regarding the division between new and repair construction made by the authors of that report have been altered. These changes do not affect the estimates of total building construction.

Briefly, the method employed was to increase the total value of new building construction reported by the Census of Construction in 1941(*) and later years to allow for—

- (i) New construction work done by some 20,000 small tradesmen apparently not covered by the Census in 1941. This figure was obtained after a comparison of the number of own account workers in the construction industry as reported to the decennial and annual censuses. Reasonable allowances were made for earnings of, and materials used by, these own account workers. It was assumed that 60 per cent of the work done was new. (New construction by building contractors reporting to the Census in 1941 was about 85 per cent of the total, while the corresponding ratio for trade work was about 40 per cent. It is believed that work not covered by the Census falls largely into the latter category). Corresponding estimates for later years were made by extrapolation according to the trend in reported building construction.
- (ii) Certain defence construction work carried out in Canada by the Canadian, United States, and United Kingdom Governments during the war years. These allowances were made after a comparison of data on defence construction reported to the annual Census and to the Department of Munitions and Supply.
- (iii) A relatively small amount of new residential construction done by owner-builders and not reported to the Census. Comparative estimates for later years were obtained by extrapolation on the trend of reported residential construction.
- (iv) An estimate of materials used on farms for new building work. This was based on information collected by the Decennial Census of Agriculture in 1941 (see "Public Investment and Capital Formation", p. 105). Estimates for 1942-1945 were obtained by extrapolation on the trend of retail sales of lumber and building materials compiled by the Merchandising Branch, Dominion Bureau of Statistics.
- (v) An allowance for construction done in logging camps, based on information obtained from the Dominion Bureau of Statistics capital schedule.

(*) The method used by the Department of Reconstruction had the effect of increasing this figure by about \$30 million to allow for new construction reported to the Census as "alterations, maintenance and repairs". It was felt that this transfer was rather large, and no corresponding adjustment has been made in the present estimate.

The gross value of new building construction obtained in the manner indicated was then extrapolated to 1938 on the trend of the building materials series compiled by the Department of Reconstruction, allowing for a slight change in the proportion of new construction over the period.

In order to arrive at figures of private expenditure on construction, government construction expenditures were deducted from the gross outlay on construction as estimated above. Estimates of the value of new building construction by Dominion, provincial and municipal authorities were based on data compiled by the Department of Reconstruction. Information was supplied by the Department of Munitions and Supply regarding defence construction and the war plant expansion programme. Additional information was obtained from the Construction Branch, Dominion Bureau of Statistics, and from the Dominion Auditor General's Report.

It should be noted in this connection that expenditures on factory construction by the United Kingdom in 1941-1943 have been included in the private series. It is true that these assets were subsequently purchased by the Canadian Government; however, in the year in which they were built, they properly belong in the private investment account in the sense that they are "non-Canadian Government" investment.

(2) *New Engineering Construction.*—This includes new engineering work done by, or for, private industrial firms, mines and utilities, including autonomous government bodies; and, in addition, certain engineering projects carried on by the United States Army in Canada—notably, the Alaska highway, the Northwest Staging Route, and the Canol Project. Data were compiled by the Reconstruction Department for 1938-1941, and estimates for later years were made on a similar basis. The greater part of the necessary information was obtained from the capital expenditures schedule sent to manufacturing firms, mines and utilities since 1941. Information regarding United States Army expenditures in Canada was obtained from the Department of Munitions and Supply.

(3) *New Machinery and Equipment.*—The total flow of new durable producers' goods in 1941—the computation of which has been described in "Public Investment and Capital Formation"—was revised downwards to eliminate a considerable amount of equipment which, although nominally durable, would generally be charged to current expense by business firms. For instance, the original totals included some \$50,000,000 worth of carpenters' and mechanics' tools in 1941. It is quite probable that the bulk of these have useful lives exceeding one year. However, manufacturers usually consider such items as properly chargeable to current expense along with raw materials and supplies, and account for them on an inventory basis. It seems likely that a similar practice is followed by contractors and construction tradesmen.

Purchases by government authorities, compiled or estimated by the Reconstruction Department for 1938-1941, and estimated on a comparable basis for later years, were deducted to obtain a revised figure for private investment. This was then distributed as far as possible on an industrial basis (the total was compiled on a commodity basis), by means of data obtained from the capital schedule and other sources. A residual item

composed of machinery and equipment bought by professional and service groups (especially garages, repair shops, locksmiths, carpenters, etc.) was extrapolated on the trend indicated for a selection of the other industries.

Additional allowances were made for equipment purchased by autonomous government bodies, such as the Canadian Broadcasting Corporation, not included in the original commodity total.

The estimate of private investment in durable assets for 1944, when adjusted to exclude purchases by unincorporated enterprises and non-taxable utilities, agreed closely with a comparable figure furnished by the Department of National Revenue.

A reconciliation of the "Private Investment in Durable Assets" estimate calculated here, with that used by the Department of Reconstruction, follows:

GROSS PRIVATE INVESTMENT IN DURABLE ASSETS—

1941	
(millions of dollars)	
<i>Reconstruction Department—</i>	
"Public Investment and Capital Formation", p. 90 Table 32, Items 1, 2 and 3.....	856
Add: Publicly owned utilities.....	61
U.K. plant expansion program....	97
Total	1,014
<i>Deduct:</i>	
Revision in new building construction series due to—	
(a) altered assumptions regarding "new" content of construction done by own accounts not covered by the Census.....	24
(b) acceptance of "new" ratio reported by Census	31
(c) "Current Expense" items, machinery and equipment	117
	172
Revised series	842

(b) *Private Investment in Inventories*

The annual net flow to inventories held under private finance is an important component of gross *national expenditure*. The present series covers investment by manufacturers, retail and wholesale trade (including grain dealers), farmers, mines, utilities and miscellaneous private business. Investment in grain by the Canadian Wheat Board and investment in stocks of silk, rubber and other commodities by government trading corporations are excluded, since they appear as government expenditure. For similar reasons, changes in work in progress on Canadian, United Kingdom and United States government war orders, since 1940, have been excluded.

The estimates differ considerably from those appearing in "Public Investment and Capital Formation," for the following reasons:—

- (1) Except in the case of commercial grain and farm inventories the estimates show the actual change in reported value rather than the "current value of the physical change". The latter figure is theoretically more desirable, but, except in the

two instances noted, sufficient information to make a satisfactory adjustment is not yet available.

- (2) The definition of private grain holdings has been altered to exclude, as well as cash holdings of the Canadian Wheat Board, stocks held by agents for future delivery and the Wheat Board's net futures position. This adjustment affects only the division between government and private, not the total.
- (3) Revisions have been made in the estimates for retail and farm inventories.

The amounts for "investment in inventories" included in Item 2, Table II, are as follows:

(millions of dollars)

—	1938	1939	1940	1941	1942	1943	1944	1945
Private investment in inventories...	-55	215	337	280	104	-267	-36	-118

Estimates of the change in value of inventories for the mining and manufacturing industries are based on information contained in the annual reports of the Census of Industry. In the case of trade, the estimates are based mainly on information collected by the Merchandising Branch, Dominion Bureau of Statistics.

The private grain series is obtained by deducting from the total visible supply of wheat the "unsold stocks" of the Canadian Wheat Board (including stocks held by agents for future delivery). The calculation is made for six month periods since the direction of flow is distinctly seasonal. An average price for each period is applied to the change in quantity calculated in this way. In the case of inventories of grain and livestock held on farms, average annual prices are applied to the changes in physical quantity from one year to another.

Table II, Item 3.—Net Private Investment Abroad

Adjustments to the net international balance on current account have been made to eliminate duplications with other components of the gross national expenditure. The required data have been furnished by the International Payments Branch, Dominion Bureau of Statistics, the Bank of Canada, the Department of Finance, and the Department of Reconstruction and Supply.

Adjustments to Eliminate Items Appearing under "Government Expenditure, War".

Since government capital receipts from abroad have the effect of reducing government war expenditures, they are added back here to ensure the income-expenditure balance.

All government payments abroad of a capital nature, which appear under "Government Expenditure, War" are deducted.

Adjustments to Eliminate Items Appearing under "Government Expenditure, Non-War"

Net retirements of government securities held abroad and changes in gold and foreign exchange holdings of the Bank of Canada, and the Department of Finance, prior to 1939, are deducted.

Adjustments to Eliminate Duplications with other Components of Gross National Expenditure

Certain expenditures in connection with defence projects by the United Kingdom and the United States, treated as current items by the International Payments Branch, have been shifted to capital account. This involves a reduction in private investment abroad and a corresponding increase in private investment at home.

It should be noted that the "net private investment abroad" series will be affected by purely financial transactions; for instance, there was a large disinvestment on private account early in the war period, quite unrelated to any international movement of goods and services, when the Government purchased existing United States dollar balances held by private persons. The justification for the series, as defined, lies in the implicit assumption that our net exports are, in effect, financed by those authorities who choose to hold the resulting foreign claims.

Table II, Item 4.—Personal Expenditure on Consumers' Goods and Services

Calculation of this item is subdivided under four heads—

- (a) Purchases of new consumers' goods
- (b) Purchases of services
- (c) Consumption out of income in kind
- (d) Adjustment for expenditures of Canadians abroad and of foreigners in Canada.

(a) Purchases of New Consumers' Goods.

Estimates of personal expenditure on new consumers' goods for 1941 are based on retail sales figures as reported in the Decennial Census of Merchandising. To the total commodity sales of retail merchandising establishments are added retail sales by manufacturing, wholesale and service establishments, and sales of meals by hotels and dining-cars. In the case of certain commodities, where it is considered that the coverage of the Census of Merchandising is low, the Census estimates have been raised on the basis of supplementary information collected in connection with special studies for the Combined Production and Resources Board. This applies to tobacco, fuel, newspapers and magazines. The Census total is adjusted downward to exclude estimated sales to business and sales of second-hand goods. The deduction for sales to business is of necessity based on arbitrary assumptions. It is clear that certain classes of commodities (e.g. commercial vehicles) would be purchased entirely by business. For other classes (e.g. hardware, gasoline) there is no satisfactory basis for a breakdown of sales between business and individuals.

The 1941 figures for the various commodity groups are projected to other years by indexes prepared by the Merchandising Branch.

Certain retail sales taxes which are not included in sales figures as reported to the Merchandising Branch are added to the annual totals. These include the Saskatchewan education tax, the Quebec sales tax, and the Montreal sales tax.

(b) *Purchases of Services*

This includes the value of services rendered directly to individuals as distinct from those rendered to business or to government. For many classes of service, a preponderant proportion of total revenue is represented by sales to individuals, and elimination of business services is not an important source of error. In those classes where sales to business or government form an important part of total revenue (e.g. railway transportation, post office), data as to the amount of such sales is usually inadequate. A satisfactory breakdown between consumer and business sales in such cases must await development of direct surveys of consumer expenditures.

For certain classes of services (e.g. laundries, motion picture theatres), annual reports prepared by the Dominion Bureau of Statistics give information regarding consumer expenditures. In other cases (e.g. shoe cleaning and repair, barber shops and beauty parlours), estimates can be based on the Decennial Census of Merchandising for 1941, but must be projected from that year on relatively sketchy information regarding trends. In the case of professional services (e.g. doctors, dentists), there is at the present time no adequate information for any year. The amounts included for such services in the present estimates are based on the very rough estimates of net income of professionals used for the income side of the accounts. These estimates are raised to a gross figure in the same ratio as gross income to net income in questionnaire surveys of such groups in the United States.

As already noted, services of non-commercial institutions (hospitals, charitable institutions, etc.) are measured by the expenses of these institutions rather than by the fees paid by individuals. Consequently, government contributions towards the expenses of such institutions are treated as transfer payments and excluded from government expenditure on goods and services. However, institutions directly administered by governments (e.g. public schools) are included under government expenditures rather than under consumer expenditure on services.

Services of insurance companies are also measured by their expenses.

The following are the main classes of services covered:—

- (1) Services related to attire and personal appearance
- (2) Transportation
- (3) Household operation and utilities
- (4) Communications
- (5) Medical care and death expenses
- (6) Tuition and education
- (7) Recreation
- (8) Miscellaneous

(c) *Consumption out of Income in Kind*

The items comprising consumption out of income in kind include:—

- (1) Farm produce consumed on the farm
- (2) Board and living allowances
- (3) Issues in kind to members of the armed forces
- (4) Employee welfare expenditures
- (5) Gross imputed rent of owner-occupied houses

In each case the figures included on the expenditure side are based on the estimates used for the income side. In the case of board and living allowances, it is important to exclude here such amounts as are assumed to be included in retail purchases of consumer goods or in gross rents. This can be done only on an arbitrary basis. It is clear that the great proportion of food and lodging supplied to domestic servants would already be included under cash expenditures or under imputed rent, but in other cases the distinction cannot be made so easily. Imputed rent is included here on a gross basis on the assumption that expenses of owner-occupiers will have been eliminated from consumer purchases of goods and services along with other business expenses. This is an arbitrary assumption, since elimination of duplication in regard to those expenses which are included in gross rent must be carried out on a fairly rough basis.

(d) *Adjustment for Expenditure of Canadians Abroad and of Foreigners in Canada*

This adjustment is necessary to provide for expenditures outside of Canada out of Canadian incomes and to exclude expenditures in Canada out of non-Canadian incomes. The adjustment covers:—

- (1) Expenditures of Canadian tourists abroad and of foreign tourists in Canada. Estimates of tourists' expenditures are available from the International Payments Branch, Dominion Bureau of Statistics. This item is a negative adjustment for the period covered since expenditures of foreign tourists in Canada were consistently higher than those of Canadian tourists abroad.
- (2) Expenditures of members of the Canadian armed forces abroad and of non-Canadian airmen in Canada. Estimates based on the number of men involved in each case, on the assumption that their expenditures are approximately equivalent to actual cash pay received, were prepared by the statistical sections of the armed services.
- (3) Private remittances sent abroad and received from abroad. Figures were supplied by the International Payments Branch, Dominion Bureau of Statistics.
- (4) Gifts in kind sent abroad not included in retail sales (e.g. Red Cross parcels). Rough estimates were supplied by the International Payments Branch, Dominion Bureau of Statistics.

C. *Sources and Methods Used in Estimating Totals in Table V*

PERSONAL INCOME PAYMENTS

Table V, Item 2.—Government Debt Interest

In arriving at a figure of personal income payments from the national income total, it is necessary to make an adjustment to add back that part of government debt interest which is excluded from national income as a

transfer payment. The calculations required for this adjustment are those used for compilation of investment income, Table I, Item 3, and are described above (p. 22).

Table V, Item 3.—Other Transfer Payments to Individuals

This item includes expenditures by public authorities which do not arise from a direct demand for goods and services. Thus it covers the following types of payments:—

Dominion Government.—Gross payments under the Prairie Farm Assistance and Prairie Farm Income Acts; was service pensions, war veterans' allowances (old age, unemployment, post-discharge and hospital) and war service gratuities; direct relief to Eskimos and Indians, Indian annuities; miscellaneous transfers; pension payments out of various contributory pension funds, unemployment insurance benefits, and payments under the Dominion Workmen's Compensation Act (excluding medical aid and hospitalization).

All transfers by the Dominion to the Provinces are excluded, but payments out of these funds are included in provincial transfers.

Provincial Governments.—Direct and agricultural relief; old age and blind pensions; mothers' allowances; trainees' allowances (including subsistence) under the Youth Training and War Emergency Programs; travel and lodging allowances of transferred workers; contributory pensions and payments of the Provincial Workmen's Compensation Boards (excluding medical aid and hospitalization); and miscellaneous lesser transfers.

Municipal Governments.—Direct relief; old age and blind pensions; mothers' allowances; and contributory pensions of the larger cities of Canada for which information is available.

The sources for government transfers are the Public Accounts of the Dominion of Canada, the Public Accounts of the provinces and various provincial departmental reports, annual reports of selected municipalities, and the Statistical Summary of the Bank of Canada. Fiscal years were adjusted to a calendar year basis where necessary.

Industrial Pensions.—Benefit payments from contributory industrial pension funds are included here. Estimates of these are based on results of the industrial pensions survey carried out by the Dominion Bureau of Statistics, raised to include estimated amounts for banks, insurance companies and railways. Coverage of this item is incomplete.

Table V, Item 4.—Employer and Employee Contributions to Social Security and Industrial Pension Funds

Included here are employer contributions to Workmen's Compensation funds, and employer and employee contributions to unemployment insurance and industrial pension funds. Contributions to group life, sickness and accident insurance schemes are excluded.

The figures for employer contributions are identical with those included in Table I, Item 1, under the same headings. Estimates of employee contributions are based on the industrial pensions survey carried out by the Dominion Bureau of Statistics, and on information from the Public Accounts of governments. In the case of railways, insurance companies and banks, no direct information regarding employee contributions is available. In these cases arbitrary assumptions are made as to the relationship of employee contributions to employer contributions.

Table V, Item 5.—Components of Investment Income Not Paid Out to Individuals

Included under this heading are the following components of investment income:

- (1) Undistributed profits of corporations
- (2) Depletion allowances
- (3) Corporate profits taxes
- (4) Withholding taxes
- (5) Investment income of industrial pension funds
- (6) Miscellaneous investment income of governments
- (7) Inventory revaluation adjustment

In each case the figures used are identical with those included in the totals of Table I, Item 3.

APPENDIX

ESTIMATED DISTRIBUTION OF INCOME RECIPIENTS AND AGGREGATE INCOME BY INCOME CLASSES FOR CANADA AND FOR GROUPS OF PROVINCES IN 1942, EXCLUDING AGRICULTURE

BY

LAWRENCE M. READ

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INTRODUCTION

The estimates of the size-distribution of personal incomes in Canada, 1942, as presented in the accompanying tables, constitute the results of a study prepared for the Department of Finance by Mr. Lawrence M. Read. Part of this study was done by Mr. Read at the University of Toronto, and the cooperation of the School of Graduate Studies and of the Department of Political Economy in making this part of the work available for publication is gratefully acknowledged.

Special acknowledgement is made of the assistance and advice of Mr. M. F. Sprott, Chief Statistician, Taxation Division, Department of National Revenue, and of his pioneer work in the field of estimating the distribution of taxpayers by size of income. Special acknowledgment is also made of the work of the respective branches of the Department of National Defence who prepared supplementary estimates of the distribution of armed service personnel by income size. The cooperative assistance of those mentioned above, as well as of the Research and Statistics Branch, Department of Labour, and the Census Branch, the Central Research and Development Staff and other branches of the Dominion Bureau of Statistics, has been invaluable in the preparation of the final estimates.

The calendar year 1942 was chosen as the basic period for the estimates because it was the most recent year for which even partially adequate statistics were available. Income recipients engaged in agriculture were excluded from the estimate because of the scarcity of data relating to this field. A supplementary estimate was prepared for income recipients in the Armed Services, but no attempt was made to break this down by provinces or groups of provinces.

The chief sources of material used in this study were (a) income tax statistics showing the distribution of taxpayers by income classes for the calendar years 1941 and 1942; and (b) 1941 decennial census statistics showing the distribution of wage-earners by income classes.

The methods used in adapting this material to the requirements of the study were:

- (i) The relative distribution given by the income tax statistics for 1941 was taken for taxable incomes over \$3,000. These figures were then adjusted upward in accord with the assumption that the average percentage increase in individual incomes in 1942 as compared with 1941 was the same

at each level over \$3,000, and that in this year it was equal to the percentage increase in a specially adjusted estimate of the national income.

- (ii) The relative distribution given by the *preliminary* income tax assessment statistics for 1942 was taken for taxable incomes up to \$3,000. This distribution was then adjusted upward by multiplying the number in each income bracket by a common factor raising the number of taxpayers to a level sufficient to account for the total taxes actually received for 1942, i.e., after taking account of the amount of tax accounted for by the estimated number of taxpayers with over \$3,000 income.
- (iii) The percentage distribution of wage-earners by income classes as given by the decennial census was applied to the estimated total number of wage-earners in 1942. This distribution was adjusted upward in accord with the assumption that the average percentage increase in individual earnings was the same at each income level in 1942, and that this equalled the percentage increase in average earnings over the period from the census year 1940-41 to the calendar year 1942.
- (iv) The adjusted figures of the number of taxpayers with over \$3,000 income and with under \$3,000 income together rendered the final estimate of the distribution of taxpayers in 1942. This estimate of the distribution of taxpayers, 1942, and the estimate of the distribution of wage-earners, 1942, were fitted together at around \$750 for women and single men and at around \$1,250 for married men.

A memorandum has been prepared by Mr. Read giving a detailed description of the statistical sources and methods used and a critical evaluation of the statistical product of the study, indicating both its strength and its weaknesses. This memorandum may be obtained in mimeographed form on application to the Department of Finance at Ottawa. Because of the pioneer character of the work, it is felt that this detailed explanation should be made available both to facilitate the intelligent use of its results and to suggest to future investigators lines of study which require more intensive development.

TABLE Ia.—ESTIMATED DISTRIBUTION OF ALL INCOME RECIPIENTS IN THE ARMED SERVICES AND NON-AGRICULTURAL OCCUPATIONS BY INCOME CLASSES, CANADA, 1942

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Armed Services	Non-Agric. Occupations	Total		Armed Services	Non-Agric. Occupations	Total	
\$	No.	%	No.	No.	No.	%	No.	No.	No.	%
0-250.....	344,400	8.4	—	51,800	51,800	2.7	—	292,600	292,600	13.4
250-500.....	411,900	10.0	—	76,600	76,600	4.0	—	335,300	335,300	15.4
500-750.....	566,460	13.8	—	95,500	95,500	4.9	174,260	296,700	470,960	21.6
750-1,000.....	524,696	12.7	—	121,500	121,500	6.3	119,806	283,390	403,196	18.5
Under 1,000.....	1,847,456	44.9	—	345,400	345,400	17.9	294,066	1,207,990	1,502,056	68.9
1,000-1,250.....	461,435	11.2	33,489	176,000	209,489	10.8	66,416	185,530	251,946	11.6
1,250-1,500.....	482,613	11.8	79,050	247,410	326,460	16.9	23,483	132,670	156,153	7.2
1,500-1,750.....	383,108	9.3	44,908	240,410	285,318	14.8	18,170	79,620	97,790	4.5
1,750-2,000.....	275,378	6.7	18,974	203,010	221,984	11.5	4,534	48,860	53,394	2.4
1,000-2,000.....	1,602,534	39.0	176,421	866,830	1,043,251	54.0	112,603	446,680	559,283	25.7
2,000-2,500.....	323,811	7.9	10,170	255,630	265,800	13.8	11,971	46,040	58,011	2.7
2,500-3,000.....	137,265	3.4	7,412	103,650	111,062	5.7	10,463	15,740	26,203	1.2
3,000-5,000.....	137,167	3.3	10,217	103,860	114,077	5.9	6,660	16,430	23,090	1.0
2,000-5,000.....	598,243	14.6	27,799	463,140	490,939	25.4	29,094	78,210	107,304	4.9
5,000-10,000.....	46,690	1.1	398	38,830	39,228	2.0	142	7,320	7,462	0.4
10,000-25,000.....	14,307	0.3	2	11,420	11,422	0.6	—	2,885	2,885	0.1
Over 25,000.....	2,750	0.1	—	2,035	2,035	0.1	—	715	715	0.0
Over 5,000.....	63,747	1.5	400	52,285	52,685	2.7	142	10,920	11,062	0.5
TOTAL.....	4,111,980	100.0	204,620	1,727,655	1,932,275	100.0	435,905	1,743,800	2,179,705	100.0

TABLE 1b.—ESTIMATED DISTRIBUTION OF AGGREGATE INCOME IN THE ARMED SERVICES AND NON-AGRICULTURAL OCCUPATIONS BY INCOME CLASSES, CANADA, 1942

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Armed Services	Non-Agric. Occupations	Total		Armed Services	Non-Agric. Occupations	Total	
\$	\$(000)	%	\$(000)	\$(000)	\$(000)	%	\$(000)	\$(000)	\$(000)	%
0-250.....	48,169	0.8	—	7,205	7,205	0.2	—	40,964	40,964	2.1
250-500.....	154,976	2.8	—	29,650	29,650	0.8	—	125,326	125,326	6.3
500-750.....	369,399	6.6	—	60,572	60,572	1.7	126,338	182,489	308,827	15.5
750-1,000.....	458,382	8.2	—	107,643	107,643	3.0	104,830	245,909	350,739	17.6
Under 1,000.....	1,030,926	18.4	—	205,070	205,070	5.7	231,168	594,688	825,856	41.5
1,000-1,250.....	520,533	9.3	38,345	200,045	238,390	6.6	74,718	207,425	282,143	14.2
1,250-1,500.....	662,549	11.9	108,694	340,688	449,382	12.5	32,289	180,878	213,167	10.7
1,500-1,750.....	620,774	11.1	72,976	389,774	462,750	12.8	29,526	128,498	158,024	8.0
1,750-2,000.....	514,308	9.2	35,576	379,268	414,844	11.5	8,501	90,963	99,464	5.0
1,000-2,000.....	2,318,164	41.5	255,591	1,309,775	1,565,366	43.4	145,034	607,764	752,798	37.9
2,000-2,500.....	715,424	12.8	22,380	565,647	588,027	16.3	25,958	101,439	127,397	6.4
2,500-3,000.....	372,445	6.7	20,527	281,204	301,731	8.4	28,043	42,671	70,714	3.6
3,000-5,000.....	506,839	9.0	36,931	385,859	422,790	11.7	22,608	61,441	84,049	4.2
2,000-5,000.....	1,594,708	28.5	79,838	1,232,710	1,312,548	36.4	76,609	205,551	282,160	14.2
5,000-10,000.....	311,189	5.6	2,412	258,596	261,008	7.3	866	49,315	50,181	2.5
10,000-25,000.....	205,484	3.7	20	162,661	162,681	4.5	—	42,803	42,803	2.2
Over 25,000.....	131,986	2.3	—	97,088	97,088	2.7	—	34,898	34,898	1.7
Over 5,000.....	648,659	11.6	2,432	518,345	520,777	14.5	866	127,016	127,882	6.4
TOTAL.....	5,592,457	100.0	337,861	3,265,900	3,603,761	100.0	453,677	1,535,019	1,988,696	100.0

TABLE IIa.—ESTIMATED DISTRIBUTION OF INCOME RECIPIENTS BY INCOME CLASSES, CANADA, 1942,
EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non- Taxable	Total		Taxable	Non- Taxable	Total	
\$	No.	%	No.	No.	No.	%	No.	No.	No.	%
0-250.....	344,400	9.9	—	51,800	51,800	3.0	—	292,600	292,600	16.8
250-500.....	411,900	11.9	—	76,600	76,600	4.4	—	335,300	335,300	19.2
500-750.....	392,200	11.3	390	95,110	95,500	5.5	110,310	186,390	296,700	17.0
750-1,000.....	404,890	11.7	1,180	120,320	121,500	7.1	277,420	5,970	283,390	16.3
Under 1,000.....	1,553,390	44.8	1,570	343,830	345,400	20.0	387,730	820,260	1,207,990	69.3
1,000-1,250.....	361,530	10.4	41,970	134,030	176,000	10.2	182,680	2,850	185,530	10.6
1,250-1,500.....	380,080	10.9	224,760	22,650	247,410	14.3	130,080	2,590	132,670	7.6
1,500-1,750.....	320,030	9.2	223,480	16,930	240,410	13.9	78,500	1,120	79,620	4.6
1,750-2,000.....	251,870	7.3	193,890	9,120	203,010	11.8	48,430	430	48,860	2.8
1,000-2,000.....	1,313,510	37.8	684,100	182,730	866,830	50.2	439,690	6,990	446,680	25.6
2,000-2,500.....	301,670	8.7	250,320	5,310	255,630	14.8	45,850	190	46,040	2.7
2,500-3,000.....	119,390	3.4	103,380	270	103,650	6.0	15,730	10	15,740	0.9
3,000-5,000.....	120,290	3.5	103,860	—	103,860	6.0	16,430	—	16,430	0.9
2,000-5,000.....	541,350	15.6	457,560	5,580	463,140	26.8	78,010	200	78,210	4.5
5,000-10,000.....	46,150	1.3	38,830	—	38,830	2.2	7,320	—	7,320	0.4
10,000-25,000.....	14,305	0.4	11,420	—	11,420	0.7	2,885	—	2,885	0.2
Over 25,000.....	2,750	0.1	2,035	—	2,035	0.1	715	—	715	0.0
Over 5,000.....	63,205	1.8	52,285	—	52,285	3.0	10,920	—	10,920	0.6
TOTAL.....	3,471,455	100.0	1,195,515	532,140	1,727,655	100.0	916,350	827,450	1,743,800	100.0

TABLE IIb—ESTIMATED DISTRIBUTION OF AGGREGATE INCOME BY INCOME CLASSES, CANADA, 1942,
EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non- Taxable	Total		Taxable	Non- Taxable	Total	
\$	\$(000)	%	\$(000)	\$(000)	\$(000)	%	\$(000)	\$(000)	\$(000)	%
0-250.....	48,169	1.0	—	7,205	7,205	0.2	—	40,964	40,964	2.7
250-500.....	154,976	3.2	—	29,650	29,650	0.9	—	125,326	125,326	8.1
500-750.....	243,061	5.1	273	60,299	60,572	1.9	77,236	105,253	182,489	11.9
750-1,000.....	353,552	7.4	1,033	106,610	107,643	3.3	240,813	5,096	245,909	16.0
Under 1,000.....	799,758	16.7	1,306	203,764	205,070	6.3	318,049	276,639	594,688	38.7
1,000-1,250.....	407,470	8.5	51,277	148,768	200,045	6.1	204,224	3,201	207,425	13.5
1,250-1,500.....	521,566	10.8	309,511	31,177	340,688	10.4	177,353	3,525	180,878	11.8
1,500-1,750.....	518,272	10.8	362,619	27,155	389,774	12.0	126,711	1,787	128,498	8.4
1,750-2,000.....	470,231	9.8	362,250	17,018	379,268	11.6	90,162	801	90,963	5.9
1,000-2,000.....	1,917,539	39.9	1,085,657	224,118	1,309,775	40.1	598,450	9,314	607,764	39.6
2,000-2,500.....	667,086	13.9	554,066	11,581	565,647	17.3	101,022	417	101,439	6.6
2,500-3,000.....	323,875	6.8	280,497	707	281,204	8.6	42,645	26	42,671	2.8
3,000-5,000.....	447,300	9.3	385,859	—	385,859	11.8	61,441	—	61,441	4.0
2,000-5,000.....	1,438,261	30.0	1,220,422	12,288	1,232,710	37.7	205,108	443	205,551	13.4
5,000-10,000.....	307,911	6.4	258,596	—	258,596	7.9	49,315	—	49,315	3.2
10,000-25,000.....	205,464	4.3	162,661	—	162,661	5.0	42,803	—	42,803	2.8
Over 25,000.....	131,986	2.7	97,088	—	97,088	3.0	34,898	—	34,898	2.3
Over 5,000.....	645,361	13.4	518,345	—	518,345	15.9	127,016	—	127,016	8.3
Total.....	4,800,919	100.0	2,825,730	440,170	3,265,900	100.0	1,248,623	286,396	1,535,019	100.0

TABLE IIIA—ESTIMATED DISTRIBUTION OF INCOME RECIPIENTS BY INCOME CLASSES, MARITIME PROVINCES, 1942, EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non-Taxable	Total		Taxable	Non-Taxable	Total	
\$	No.	%	No.	No.	No.	%	No.	No.	No.	%
0-250.....	41,200	15.8	—	7,000	7,000	5.4	—	34,200	34,200	25.9
250-500.....	50,700	19.5	—	14,100	14,100	11.0	—	36,600	36,600	27.8
500-750.....	36,800	14.1	20	14,780	14,800	11.5	5,170	16,830	22,000	16.7
750-1,000.....	25,970	10.0	50	13,450	13,500	10.5	12,070	400	12,470	9.5
Under 1,000.....	154,670	59.4	70	49,330	49,400	38.4	17,240	88,030	105,270	79.9
1,000-1,250.....	22,850	8.7	2,490	11,510	14,000	10.9	8,630	220	8,850	6.7
1,250-1,500.....	20,870	8.0	12,230	1,930	14,160	11.0	6,480	230	6,710	5.1
1,500-1,750.....	17,160	6.6	11,810	1,350	13,160	10.2	3,900	100	4,000	3.1
1,750-2,000.....	12,680	4.9	9,610	670	10,280	8.0	2,370	30	2,400	1.8
1,000-2,000.....	73,560	28.2	36,140	15,460	51,600	40.1	21,380	580	21,960	16.7
2,000-2,500.....	14,530	5.6	11,990	360	12,350	9.6	2,170	10	2,180	1.6
2,500-3,000.....	6,170	2.4	5,390	30	5,420	4.2	750	—	750	0.6
3,000-5,000.....	7,720	2.9	6,750	—	6,750	5.2	970	—	970	0.7
2,000-5,000.....	28,420	10.9	24,130	390	24,520	19.0	3,890	10	3,900	2.9
5,000-10,000.....	2,950	1.2	2,470	—	2,470	1.9	480	—	480	0.4
10,000-25,000.....	810	0.3	610	—	610	0.5	200	—	200	0.1
Over 25,000.....	90	0.0	80	—	80	0.1	10	—	10	0.0
Over 5,000.....	3,850	1.5	3,160	—	3,160	2.5	690	—	690	0.5
Total.....	260,500	100.0	63,500	65,180	128,680	100.0	43,200	88,620	131,820	100.0

TABLE IIIb.—ESTIMATED DISTRIBUTION OF AGGREGATE INCOME BY INCOME CLASSES, MARITIME PROVINCES, 1942, EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non-Taxable	Total		Taxable	Non-Taxable	Total	
\$	\$(000)	%	\$(000)	\$(000)	\$(000)	%	\$(000)	\$(000)	\$(000)	%
0-250.....	5,768	2.0	—	980	980	0.5	—	4,788	4,788	5.4
250-500.....	18,675	6.5	—	5,499	5,499	2.8	—	13,176	13,176	14.7
500-750.....	22,596	7.8	14	9,162	9,176	4.6	3,612	9,808	13,420	15.0
750-1,000.....	22,635	7.9	44	11,769	11,813	5.9	10,479	343	10,822	12.1
Under 1,000.....	69,674	24.2	58	27,410	27,468	13.8	14,091	28,115	42,206	47.2
1,000-1,250.....	25,668	8.9	3,044	12,706	15,750	7.9	9,670	248	9,918	11.1
1,250-1,500.....	28,607	9.9	16,811	2,654	19,465	9.8	8,829	313	9,142	10.3
1,500-1,750.....	27,775	9.7	19,157	2,161	21,318	10.7	6,298	159	6,457	7.2
1,750-2,000.....	23,649	8.2	17,934	1,252	19,186	9.7	4,407	56	4,463	5.0
1,000-2,000.....	105,699	36.7	56,946	18,773	75,719	38.1	29,204	776	29,980	33.6
2,000-2,500.....	32,144	11.1	26,552	787	27,339	13.7	4,783	22	4,805	5.4
2,500-3,000.....	16,756	5.8	14,643	77	14,720	7.4	2,036	—	2,036	2.3
3,000-5,000.....	28,716	10.0	25,022	—	25,022	12.6	3,694	—	3,694	4.1
2,000-5,000.....	77,616	26.9	66,217	864	67,081	33.7	10,513	22	10,535	11.8
5,000-10,000.....	19,679	6.8	16,406	—	16,406	8.2	3,273	—	3,273	3.6
10,000-25,000.....	11,454	4.0	8,516	—	8,516	4.3	2,938	—	2,938	3.3
Over 25,000.....	4,142	1.4	3,714	—	3,714	1.9	428	—	428	0.5
Over 5,000.....	35,275	12.2	28,636	—	28,636	14.4	6,639	—	6,639	7.4
TOTAL.....	288,264	100.0	151,857	47,047	198,904	100.0	60,447	28,913	89,360	100.0

TABLE IVa.—ESTIMATED DISTRIBUTION OF INCOME RECIPIENTS BY INCOME CLASSES, QUEBEC, 1942,
EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non- Taxable	Total		Taxable	Non- Taxable	Total	
\$	No.	%	No.	No.	No.	%	No.	No.	No.	%
0-250.....	120,800	11.9	—	19,800	19,800	4.0	—	101,000	101,000	19.2
250-500.....	138,800	13.6	—	26,400	26,400	5.4	—	112,400	112,400	21.3
500-750.....	127,000	12.5	110	32,890	33,000	6.7	30,410	63,590	94,000	17.8
750-1,000.....	118,290	11.6	310	41,690	42,000	8.6	73,740	2,550	76,290	14.5
Under 1,000.....	504,890	49.6	420	120,780	121,200	24.7	104,150	279,540	383,690	72.8
1,000-1,250.....	106,180	10.4	11,670	43,330	55,000	11.2	49,940	1,240	51,180	9.7
1,250-1,500.....	101,950	10.0	57,210	9,600	66,810	13.6	34,120	1,020	35,140	6.7
1,500-1,750.....	83,120	8.2	55,230	7,180	62,410	12.7	20,250	460	20,710	3.9
1,750-2,000.....	64,190	6.3	47,150	4,100	51,250	10.5	12,750	190	12,940	2.4
1,000-2,000.....	355,440	34.9	171,260	64,210	235,470	48.0	117,060	2,910	119,970	22.7
2,000-2,500.....	76,670	7.5	61,780	2,740	64,520	13.2	12,050	100	12,150	2.3
2,500-3,000.....	32,140	3.2	27,530	220	27,750	5.6	4,380	10	4,390	0.8
3,000-5,000.....	30,540	3.0	26,490	—	26,490	5.4	4,050	—	4,050	0.8
2,000-5,000.....	139,350	13.7	115,800	2,960	118,760	24.2	20,480	110	20,590	3.9
5,000-10,000.....	13,150	1.3	11,090	—	11,090	2.3	2,060	—	2,060	0.4
10,000-25,000.....	4,415	0.4	3,535	—	3,535	0.7	880	—	880	0.2
Over 25,000.....	1,025	0.1	710	—	710	0.1	315	—	315	0.0
Over 5,000.....	18,590	1.8	15,335	—	15,335	3.1	3,255	—	3,255	0.6
TOTAL.....	1,018,270	100.0	302,815	187,950	490,765	100.0	244,945	282,560	527,505	100.0

TABLE IVb.—ESTIMATED DISTRIBUTION OF AGGREGATE INCOME BY INCOME CLASSES, QUEBEC, 1942,
EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non- Taxable	Total		Taxable	Non- Taxable	Total	
\$	\$(000)	%	\$(000)	\$(000)	\$(000)	%	\$(000)	\$(000)	\$(000)	%
0-250.....	16,912	1.3	—	2,772	2,772	0.3	—	14,140	14,140	3.2
250-500.....	52,314	3.9	—	10,164	10,164	1.1	—	42,150	42,150	9.5
500-750.....	78,765	5.9	77	20,878	20,955	2.3	21,269	36,541	57,810	13.1
750-1,000.....	103,344	7.7	272	36,898	37,170	4.2	64,001	2,173	66,174	15.0
Under 1,000.....	251,335	18.8	349	70,712	71,061	7.9	85,270	95,004	180,274	40.8
1,000-1,250.....	119,626	8.9	14,259	48,166	62,425	6.9	55,808	1,393	57,201	12.9
1,250-1,500.....	139,672	10.4	78,631	13,195	91,826	10.2	46,460	1,386	47,846	10.8
1,500-1,750.....	134,599	10.1	89,640	11,537	101,177	11.3	32,687	735	33,422	7.6
1,750-2,000.....	119,757	8.9	88,018	7,651	95,669	10.7	23,734	354	24,088	5.4
1,000-2,000.....	513,654	38.3	270,548	80,549	351,097	39.1	158,689	3,868	162,557	36.7
2,000-2,500.....	169,586	12.7	136,828	5,995	142,823	15.9	26,545	218	26,763	6.1
2,500-3,000.....	87,274	6.5	74,779	578	75,357	8.4	11,891	26	11,917	2.7
3,000-5,000.....	114,455	8.5	99,249	—	99,249	11.1	15,206	—	15,206	3.4
2,000-5,000.....	371,315	27.7	310,856	6,573	317,429	35.4	53,642	244	53,886	12.2
5,000-10,000.....	88,002	6.5	74,001	—	74,001	8.2	14,001	—	14,001	3.2
10,000-25,000.....	63,867	4.8	50,588	—	50,588	5.6	13,279	—	13,279	3.0
Over 25,000.....	52,097	3.9	33,801	—	33,801	3.8	18,296	—	18,296	4.1
Over 5,000.....	203,966	15.2	158,390	—	158,390	17.6	45,576	—	45,576	10.3
TOTAL.....	1,340,270	100.0	740,143	157,834	897,977	100.0	343,177	99,116	442,293	100.0

TABLE Va.—ESTIMATED DISTRIBUTION OF INCOME RECIPIENTS BY INCOME CLASSES, ONTARIO, 1942,
EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non- Taxable	Total		Taxable	Non- Taxable	Total	
\$	No.	%	No.	No.	No.	%	No.	No.	No.	%
0-250.....	107,800	7.2	—	14,400	14,400	1.9	—	93,400	93,400	12.7
250-500.....	132,200	8.9	—	22,500	22,500	3.0	—	109,700	109,700	15.0
500-750.....	147,000	9.9	190	30,010	30,200	4.0	55,000	61,800	116,800	15.9
750-1,000.....	185,170	12.4	610	39,390	40,000	5.3	142,830	2,340	145,170	19.8
Under 1,000.....	572,170	38.4	800	106,300	107,100	14.2	197,830	267,240	465,070	63.4
1,000-1,250.....	165,130	11.1	19,270	50,730	70,000	9.3	94,040	1,090	95,130	13.0
1,250-1,500.....	184,700	12.4	108,710	8,390	117,100	15.5	66,570	1,030	67,600	9.2
1,500-1,750.....	155,500	10.5	109,360	6,410	115,770	15.3	39,290	440	39,730	5.4
1,750-2,000.....	123,710	8.3	96,930	3,390	100,320	13.3	23,230	160	23,390	3.2
1,000-2,000.....	629,040	42.3	334,270	68,920	403,190	53.4	223,130	2,720	225,850	30.8
2,000-2,500.....	148,380	10.0	124,670	1,690	126,360	16.7	21,960	60	22,020	3.0
2,500-3,000.....	57,160	3.8	49,720	—	49,720	6.6	7,440	—	7,440	1.0
3,000-5,000.....	54,080	3.6	46,090	—	46,090	6.1	7,990	—	7,990	1.1
2,000-5,000.....	259,620	17.4	220,480	1,690	222,170	29.4	37,390	60	37,450	5.1
5,000-10,000.....	20,440	1.4	16,850	—	16,850	2.2	3,590	—	3,590	0.5
10,000-25,000.....	6,470	0.4	5,030	—	5,030	0.7	1,440	—	1,440	0.2
Over 25,000.....	1,280	0.1	960	—	960	0.1	320	—	320	0.0
Over 5,000.....	28,190	1.9	22,840	—	22,840	3.0	5,350	—	5,350	0.7
TOTAL.....	1,489,020	100.0	578,390	176,910	755,300	100.0	463,700	270,020	733,720	100.0

TABLE Vb—ESTIMATED DISTRIBUTION OF AGGREGATE INCOME BY INCOME CLASSES, ONTARIO, 1942,
EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non- Taxable	Total		Taxable	Non- Taxable	Total	
\$	\$(000)	%	\$(000)	\$(000)	\$(000)	%	\$(000)	\$(000)	\$(000)	%
0-250.....	15,092	0.7	—	2,016	2,016	0.1	—	13,076	13,076	1.8
250-500.....	49,913	2.2	—	8,775	8,775	0.6	—	41,138	41,138	5.8
500-750.....	91,160	4.1	133	19,195	19,328	1.3	38,539	33,293	71,832	10.0
750-1,000.....	161,668	7.3	534	35,066	35,600	2.4	124,070	1,998	126,068	17.6
Under 1,000.....	317,833	14.3	667	65,052	65,719	4.4	162,609	89,505	252,114	35.2
1,000-1,250.....	186,118	8.4	23,535	56,265	79,800	5.3	105,095	1,223	106,318	14.9
1,250-1,500.....	253,638	11.5	149,864	11,567	161,431	10.8	90,804	1,403	92,207	12.9
1,500-1,750.....	251,797	11.4	177,433	10,287	187,720	12.5	63,376	701	64,077	8.9
1,750-2,000.....	231,078	10.4	181,204	6,323	187,527	12.5	43,253	298	43,551	6.1
1,000-2,000.....	922,631	41.7	532,036	84,442	616,478	41.1	302,528	3,625	306,153	42.8
2,000-2,500.....	327,983	14.8	275,812	3,677	279,489	18.7	48,364	130	48,494	6.8
2,500-3,000.....	154,944	7.0	134,789	—	134,789	9.0	20,155	—	20,155	2.8
3,000-5,000.....	200,738	9.1	170,894	—	170,894	11.4	29,844	—	29,844	4.2
2,000-5,000.....	683,665	30.9	581,495	3,677	585,172	39.1	98,363	130	98,493	13.8
5,000-10,000.....	136,305	6.2	112,235	—	112,235	7.5	24,070	—	24,070	3.3
10,000-25,000.....	93,094	4.2	71,688	—	71,688	4.8	21,406	—	21,406	3.0
Over 25,000.....	60,482	2.7	47,087	—	47,087	3.1	13,395	—	13,395	1.9
Over 5,000.....	289,881	13.1	231,010	—	231,010	15.4	58,871	—	58,871	8.2
Total.....	2,214,010	100.0	1,345,208	153,171	1,498,379	100.0	622,371	93,260	715,631	100.0

TABLE VIa—ESTIMATED DISTRIBUTION OF INCOME RECIPIENTS BY INCOME CLASSES, PRAIRIE PROVINCES, 1942
EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non-Taxable	Total		Taxable	Non-Taxable	Total	
\$	No.	%	No.	No.	No.	%	No.	No.	No.	%
0-250.....	48,300	11.9	—	5,900	5,900	3.0	—	42,400	42,400	20.6
250-500.....	57,900	14.3	—	8,700	8,700	4.4	—	49,200	49,200	24.0
500-750.....	50,300	12.4	40	11,960	12,000	6.0	12,150	26,150	38,300	18.6
750-1,000.....	45,130	11.2	120	15,880	16,000	8.0	28,790	340	29,130	14.2
Under 1,000.....	201,630	49.8	160	42,440	42,600	21.4	40,940	118,090	159,030	77.4
1,000-1,250.....	38,020	9.4	5,140	16,860	22,000	11.0	15,890	130	16,020	7.8
1,250-1,500.....	40,360	10.0	27,150	1,770	28,920	14.5	11,270	170	11,440	5.6
1,500-1,750.....	34,320	8.5	26,160	1,230	27,390	13.8	6,860	70	6,930	3.4
1,750-2,000.....	26,020	6.4	21,060	560	21,620	10.9	4,370	30	4,400	2.1
1,000-2,000.....	138,720	34.3	79,510	20,420	99,930	50.2	38,390	400	38,790	18.9
2,000-2,500.....	30,860	7.6	26,890	330	26,720	13.4	4,130	10	4,140	2.0
2,500-3,000.....	11,820	2.9	10,470	10	10,480	5.3	1,340	—	1,340	0.6
3,000-5,000.....	15,110	3.8	13,560	—	13,560	6.8	1,550	—	1,550	0.8
2,000-5,000.....	57,790	14.3	50,420	340	50,760	25.5	7,020	10	7,030	3.4
5,000-10,000.....	4,990	1.2	4,530	—	4,530	2.3	460	—	460	0.2
10,000-25,000.....	1,270	0.3	1,145	—	1,145	0.6	125	—	125	0.1
Over 25,000.....	145	0.1	125	—	125	0.0	20	—	20	0.0
Over 5,000.....	6,405	1.6	5,800	—	5,800	2.9	605	—	605	0.3
Total.....	404,545	100.0	135,890	63,200	199,090	100.0	86,955	118,500	205,455	100.0

TABLE VIIb—ESTIMATED DISTRIBUTION OF AGGREGATE INCOME BY INCOME CLASSES, PRAIRIE PROVINCES, 1942,
EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non- Taxable	Total		Taxable	Non- Taxable	Total	
\$	\$(000)	%	\$(000)	\$(000)	\$(000)	%	\$(000)	\$(000)	\$(000)	%
0-250.....	6,762	1.3	—	826	826	0.2	—	5,936	5,936	3.9
250-500.....	21,800	4.2	—	3,350	3,350	0.9	—	18,450	18,450	12.3
500-750.....	31,175	6.1	28	7,592	7,620	2.1	8,509	15,046	23,555	15.7
750-1,000.....	39,316	7.7	105	14,055	14,160	3.9	24,867	289	25,156	16.8
Under 1,000.....	99,053	19.3	133	25,823	25,956	7.1	33,376	39,721	73,097	48.7
1,000-1,250.....	42,866	8.3	6,285	18,685	24,970	6.9	17,748	148	17,896	11.9
1,250-1,500.....	55,394	10.8	37,363	2,437	39,800	10.9	15,362	232	15,594	10.4
1,500-1,750.....	55,572	10.8	42,426	1,951	44,377	12.2	11,083	112	11,195	7.5
1,750-2,000.....	48,563	9.5	39,326	1,046	40,372	11.1	8,135	56	8,191	5.5
1,000-2,000.....	202,395	39.4	125,400	24,119	149,519	41.1	52,328	548	52,876	35.3
2,000-2,500.....	68,145	13.2	58,323	710	59,033	16.2	9,086	26	9,112	6.1
2,500-3,000.....	32,144	6.3	28,480	26	28,506	7.9	3,638	—	3,638	2.4
3,000-5,000.....	55,760	10.8	50,037	—	50,037	13.7	5,723	—	5,723	3.8
2,000-5,000.....	156,049	30.3	136,840	736	137,576	37.8	18,447	26	18,473	12.3
5,000-10,000.....	32,938	6.4	29,903	—	29,903	8.2	3,035	—	3,035	2.0
10,000-25,000.....	17,932	3.5	16,157	—	16,157	4.5	1,775	—	1,775	1.2
Over 25,000.....	5,501	1.1	4,801	—	4,801	1.3	700	—	700	0.5
Over 5,000.....	56,371	11.0	50,861	—	50,861	14.0	5,510	—	5,510	3.7
Total.....	513,868	100.0	313,234	50,678	363,912	100.0	109,661	40,295	149,956	100.0

TABLE VIIa—ESTIMATED DISTRIBUTION OF INCOME RECIPIENTS BY INCOME CLASSES, BRITISH COLUMBIA, 1942,
EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non- Taxable	Total		Taxable	Non- Taxable	Total	
\$	No.	%	No.	No.	No.	%	No.	No.	No.	%
0-250.....	26,300	8.8	—	4,700	4,700	3.0	—	21,600	21,600	14.9
250-500.....	32,300	10.8	—	4,900	4,900	3.2	—	27,400	27,400	18.8
500-750.....	31,100	10.4	30	5,470	5,500	3.6	7,580	18,020	25,600	17.6
750-1,000.....	30,330	10.1	90	9,910	10,000	6.5	19,990	340	20,330	14.0
Under 1,000.....	120,030	40.1	120	24,980	25,100	16.3	27,570	67,360	94,930	65.3
1,000-1,250.....	29,350	9.8	3,400	11,600	15,000	9.7	14,180	170	14,350	9.9
1,250-1,500.....	32,200	10.8	19,460	960	20,420	13.3	11,640	140	11,780	8.1
1,500-1,750.....	29,930	10.0	20,920	760	21,680	14.1	8,200	50	8,250	5.7
1,750-2,000.....	25,270	8.4	19,140	400	19,540	12.7	5,710	20	5,730	3.9
1,000-2,000.....	116,750	39.0	62,920	13,720	76,640	49.8	39,730	380	40,110	27.6
2,000-2,500.....	31,230	10.4	25,490	190	25,680	16.7	5,540	10	5,550	3.8
2,500-3,000.....	12,100	4.1	10,270	10	10,280	6.7	1,820	—	1,820	1.3
3,000-5,000.....	12,840	4.3	10,970	—	10,970	7.1	1,870	—	1,870	1.3
2,000-5,000.....	56,170	18.8	46,730	200	46,930	30.5	9,230	10	9,240	6.4
5,000-10,000.....	4,620	1.5	3,890	—	3,890	2.6	730	—	730	0.5
10,000-25,000.....	1,340	0.5	1,100	—	1,100	0.7	240	—	240	0.2
Over 2,5000.....	210	0.1	160	—	160	0.1	50	—	50	0.0
Over 5,000.....	6,170	2.1	5,150	—	5,150	3.4	1,020	—	1,020	0.7
Total.....	299,120	100.0	114,920	38,900	153,820	100.0	77,550	67,750	145,300	100.0

TABLE VIII—ESTIMATED DISTRIBUTION OF AGGREGATE INCOME BY INCOME CLASSES, BRITISH COLUMBIA, 1942,
EXCLUDING AGRICULTURE AND THE ARMED SERVICES

INCOME CLASS	ALL INCOME RECIPIENTS		MARRIED MEN				WOMEN AND SINGLE MEN			
			Taxable	Non- Taxable	Total		Taxable	Non- Taxable	Total	
\$	\$(000)	%	\$(000)	\$(000)	\$(000)	%	\$(000)	\$(000)	\$(000)	%
0-250.....	3,635	0.8	—	611	611	0.2	—	3,024	3,024	2.2
250-500.....	12,274	2.8	—	1,862	1,862	0.6	—	10,412	10,412	7.6
500-750.....	19,365	4.3	21	3,472	3,493	1.2	5,307	10,565	15,872	11.5
750-1,000.....	26,589	6.0	78	8,822	8,900	2.9	17,396	293	17,689	12.8
Under 1,000.....	61,863	13.9	99	14,767	14,866	4.9	22,703	24,294	46,997	34.1
1,000-1,250.....	33,192	7.5	4,154	12,946	17,100	5.6	15,903	189	16,092	11.7
1,250-1,500.....	44,255	9.9	26,842	1,324	28,166	9.2	15,898	191	16,089	11.7
1,500-1,750.....	48,529	10.9	33,963	1,219	35,182	11.4	13,267	80	13,347	9.7
1,750-2,000.....	47,184	10.6	35,768	746	36,514	11.9	10,633	37	10,670	7.7
1,000-2,000.....	173,160	38.9	100,727	16,235	116,962	38.1	55,701	497	56,198	40.8
2,000-2,500.....	69,228	15.6	56,551	412	56,963	18.6	12,244	21	12,265	8.9
2,500-3,000.....	32,757	7.4	27,806	26	27,832	9.1	4,925	—	4,925	3.6
3,000-5,000.....	47,631	10.7	40,657	—	40,657	13.2	6,974	—	6,974	5.0
2,000-5,000.....	149,616	33.7	125,014	438	125,452	40.9	24,143	21	24,164	17.5
5,000-10,000.....	30,987	7.0	26,051	—	26,051	8.5	4,936	—	4,936	3.6
10,000-25,000.....	19,117	4.3	15,712	—	15,712	5.1	3,405	—	3,405	2.5
Over 25,000.....	9,764	2.2	7,685	—	7,685	2.5	2,079	—	2,079	1.5
Over 5,000.....	59,868	13.5	49,448	—	49,448	16.1	10,420	—	10,420	7.6
Total.....	444,507	100.0	275,288	31,440	306,728	100.0	112,967	24,812	137,779	100.0



